

AR
GA

616181210

INTERIM REPORT
OF THE
TASK FORCE TO STUDY
STATE-LOCAL FISCAL RELATIONSHIPS



JANUARY 25, 1980
Annapolis, Maryland

THE UNIVERSITY OF CHICAGO

LIBRARY

1100 EAST 58TH STREET

CHICAGO, ILL. 60637

TEL. 733-4331

1968

1969

1970

1971

1972

1973

1974

1975

1976

1977

1978

INTERIM REPORT
OF THE
TASK FORCE TO STUDY
STATE-LOCAL FISCAL RELATIONSHIPS



JANUARY 25, 1980
Annapolis, Maryland

INTERIM REPORT
OF THE
TASK FORCE TO STUDY
STATE-LOCAL FISCAL RELATIONSHIPS



For information concerning content or
for copies of this report, contact:

Department of Fiscal Services
Maryland General Assembly
90 State Circle, Room 200
Annapolis, Maryland 21401

Telephone: (301) 269-3386

TASK FORCE TO STUDY
STATE-LOCAL FISCAL RELATIONSHIPS

Members

Appointed by

ALFRED L. SCANLAN, Esq., *Chairman*
Shea and Gardner

Governor

HONORABLE ALBERT B. ATKINSON
Mayor of Cambridge

Governor

HONORABLE SAMUEL W. BOGLEY, III (*ex-officio*)
Lieutenant Governor of Maryland

Governor

HONORABLE TOMMIE BROADWATER, JR.
Member, Maryland State Senate

Senate President

HONORABLE WILLIAM J. BURGESS
Member, Maryland House of Delegates

House Speaker

HONORABLE BENJAMIN L. CARDIN
Speaker, Maryland House of Delegates

House Speaker

HONORABLE C. BERNARD FOWLER
President, Board of Commissioners of Calvert
County

Governor

HONORABLE ARTHUR H. HELTON, JR.
Member, Maryland State Senate

Senate President

HONORABLE EDWARD J. MASON
Minority Floor Leader, Maryland State Senate

Senate President

HONORABLE LUCILLE MAURER
Member, Maryland House of Delegates

House Speaker

DR. JEAN E. SPENCER, *Vice Chairperson*
Executive Director, State Board of Trustees
of the Universities and Colleges

Governor

DR. H. LOUIS STETTLER
Deputy Secretary, Maryland Department of
Budget and Fiscal Planning

Governor

SUBCOMMITTEE ON EDUCATION

Members

HONORABLE LUCILLE MAURER, *Subcommittee Chair*
Member, Maryland House of Delegates

HONORABLE BENJAMIN L. CARDIN
Speaker, Maryland House of Delegates

HONORABLE SAMUEL W. BOGLEY, III (*ex-officio*)
Lieutenant Governor of Maryland

ALFRED L. SCANLAN, Esq. (*ex-officio*)
Task Force Chairman

Advisory Members (Appointed by the Task Force Chairman)

FRANCES G. ALLIN
Annapolis, Maryland

SUSAN R. BUSWELL
Chairman, Howard County Board of Education

HONORABLE FRANCIS X. KELLY
Member, Maryland State Senate

SANDRA M. KING-SHAW
Chairperson for State Legislature, Maryland Congress of
Parents and Teachers

VICTOR H. LAWS, Esq.
President, Wicomico County Council

FREDERICK K. SCHOENBRODT
Member, State Board of Community Colleges

HONORABLE LORRAINE M. SHEEHAN
Member, Maryland House of Delegates

MEMORANDUM FOR THE RECORD

TO :

FROM :

SUBJECT :

REFERENCE :

REMARKS :

1. The following information was received from the [redacted] on [redacted]:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

SUBCOMMITTEE ON REVENUE STRUCTURE

Members

HONORABLE ARTHUR H. HELTON, JR., *Subcommittee Chairman*
Member, Maryland State Senate

HONORABLE WILLIAM J. BURGESS
Member, Maryland House of Delegates

DR. H. LOUIS STETTLER, *Subcommittee Vice Chairman*
Deputy Secretary, Maryland Department of Budget and
Fiscal Planning

HONORABLE SAMUEL W. BOGLEY, III (*ex-officio*)
Lieutenant Governor of Maryland

ALFRED L. SCANLAN, Esq. (*ex-officio*)
Task Force Chairman

Advisory Members (Appointed by the Task Force Chairman)

ROYAL HART
Intergovernmental Liaison Officer, Prince George's
County

CAROL ANN HECHT
Member, League of Women Voters

JANET L. HOFFMAN
Fiscal Advisor to Baltimore City Council

ERNIE HONIG-KENT (*Alternate for Robert E. Matson*)
Director, Legislative Services, Maryland Chamber of
Commerce

HONORABLE LAURENCE LEVITAN
Member, Maryland State Senate

ROBERT E. MATSON
Deputy Secretary for Taxation, Pennsylvania Department
of Revenue

HONORABLE J. HUGH NICHOLS
County Executive of Howard County

HONORABLE JOHN W. STOTLER
Councilman, City of Cumberland

MEMORANDUM FOR THE SECRETARY

Subject:

HONORABLE WILLIAM W. BROWN, JR., Representative, District
 Number 1, Maryland House of Delegates

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN, Representative, District Number 1,
 Maryland House of Delegates, has been elected
 to the office of

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN, Representative, District Number 1,
 Maryland House of Delegates, has been elected
 to the office of

Additional members (appointed to the same term)

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN, Representative, District Number 1,
 Maryland House of Delegates, has been elected
 to the office of

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

MR. W. BROWN

HONORABLE WILLIAM W. BROWN, JR., Representative,
 District Number 1, Maryland House of Delegates

SUBCOMMITTEE ON SPENDING PATTERNS AND
INTERGOVERNMENTAL ASSISTANCE

Members

HONORABLE ALBERT B. ATKINSON, *Subcommittee Chairman*
Mayor of Cambridge

DR. JEAN E. SPENCER
Executive Director, State Board of Trustees of the
Universities and Colleges

HONORABLE C. BERNARD FOWLER, *Subcommittee Vice Chairman*
President, Board of Commissioners of Calvert County

HONORABLE SAMUEL W. BOGLEY, III (*ex-officio*)
Lieutenant Governor of Maryland

ALFRED L. SCANLAN, Esq. (*ex-officio*)
Task Force Chairman

Advisory Members (Appointed by the Task Force Chairman)

HONORABLE JOHN A. CADE
Member, Maryland State Senate

WARD B. COE, III, Esq.
Whiteford, Taylor, Preston, Trimble, and Johnston

HONORABLE JAMES F. DENT
County Commissioner of Charles County

HONORABLE GERARD F. DEVLIN
Member, Maryland House of Delegates

HONORABLE JOHN R. FREELAND
Councilman, Rockville City Council

HONORABLE HOWARD P. RAWLINGS
Member, Maryland House of Delegates

HONORABLE DAVID L. SCULL
Member, Maryland House of Delegates

COMMISSION ON THE STATUS OF THE
INDIAN TRIBES

MEMBERS

WILLIAM ALLEN, JR., Chairman, National Indian
Council

DR. J. H. HARRIS, Secretary, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

MEMBERS OF THE NATIONAL INDIAN COUNCIL

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

WILLIAM C. HARRIS, Chairman, National Indian
Council

TASK FORCE TO STUDY STATE LOCAL FISCAL RELATIONSHIPS

Legislation, State Government & Local Government, March 1981

SUBCOMMITTEE ON TRANSPORTATION

Members

HONORABLE EDWARD J. MASON, *Subcommittee Chairman*
Minority Floor Leader, Maryland State Senate

HONORABLE TOMMIE BROADWATER, JR.
Member, Maryland State Senate

HONORABLE SAMUEL W. BOGLEY, III
Lieutenant Governor of Maryland

ALFRED L. SCANLAN, Esq.
Task Force Chairman

Advisory Members (Appointed by the Task Force Chairman)

HONORABLE WALTER M. BAKER
Member, Maryland State Senate

HONORABLE JAMES W. CAMPBELL
Member, Maryland House of Delegates

NORMAN L. CHRISTELLER, Esq.
Former Montgomery County Councilman

EDWIN S. CRAWFORD, *Subcommittee Vice Chairman*
Investment Banker; Baker, Watts & Company

HONORABLE O. JAMES LICHTHIZER
Member, Maryland House of Delegates

HONORABLE ROBERT R. NEALL
Member, Maryland House of Delegates

CARLTON R. SICKLES, Esq.
Former U.S. Congressman, Maryland-at-Large

HONORABLE FRANCIS W. WHITE
Member, Maryland House of Delegates

MEMBERSHIP IN THE SOCIETY

1914

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JOHN T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

1915

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)

MEMBER: JAMES T. BROWN, Birmingham, Alabama
 (Address: 1000 1st Avenue, Birmingham, Alabama)



TASK FORCE TO STUDY STATE-LOCAL FISCAL RELATIONSHIPS

Legislative Services Building, Room 200, 90 State Circle, Annapolis, Maryland 21401

January 25, 1980

Alfred L. Scanlan
Task Force Chairman

H. Louis Stettler
Deputy Secretary
Budget and Fiscal Planning

Jean E. Spencer
Executive Director
Board of Trustees
Universities and Colleges

C. Bernard Fowler
President of
Calvert County Commissioners

Albert B. Atkinson
Mayor of Cambridge

Arthur H. Helton, Jr.
State Senator

Edward J. Mason
State Senator

Tommie Broadwater, Jr.
State Senator

Benjamin L. Cardin
Speaker of the House

William J. Burgess
State Delegate

Lucille Maurer
State Delegate

To The Honorable
Harry Hughes
Governor of Maryland:

To The Honorable
Members of The General Assembly of Maryland:

It is with pleasure and a considerable sense of accomplishment that I transmit to you the Interim Report of the Task Force to Study State-Local Fiscal Relationships, which is essentially a response by the Task Force to interim reports from each of its subcommittees. The work of the subcommittees includes analysis of public education and transportation funding, study of the State's revenue structure, review of local government spending patterns, and evaluation of various intergovernmental assistance arrangements. Page xix of this report lists the subcommittee interim reports, copies of which are available at the Department of Fiscal Services. These subcommittee interim reports, which were presented to the Task Force in December, 1979, and early January of this year, were the culmination of our group's first six months of activity. We anticipate a final report from the Task Force in December, 1980.

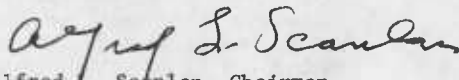
With respect to the funding of public elementary and secondary education, I am able to report that the Task Force has not only endorsed the recommendations of the Subcommittee on Education but has also approved draft legislation embracing the substance of all the Subcommittee's proposals. The educational funding proposals provide State school aid of more than \$67 million over what the subdivisions would otherwise receive in fiscal year 1981.

Regarding transportation funding, the Task Force concurs with the finding of the Subcommittee on Transportation that significant amounts of additional funds are required to enable the Transportation Trust Fund to finance capital facilities and transit operating deficits during the 1980s. The Task Force transmits the Subcommittee's recommendations to the Governor and the Legislature, suggesting that there are additional funding alternatives which perhaps should be considered along with those of the Subcommittee. The Task Force discussed at length the Subcommittee's specific legislative proposals and indicated that the proposed legislative measures should be further reviewed to assure their conformity with Subcommittee recommendations prior to introduction.

The Subcommittee on Revenue Structure as well as the Subcommittee on Spending Patterns and Intergovernmental Assistance devoted the bulk of their work to exploration of revenue and spending patterns peculiar to our State's fiscal system. The most significant proposal from these two subcommittees, a proposal concurred in by the Task Force, is repeal of the six percent assessable base growth limitation enacted last year; draft legislation to accomplish this repealer is appended to this interim Task Force Report.

I am grateful to the members and advisory members of the Task Force and its subcommittees, as well as to the staff of the Department of Fiscal Services, for their patience and diligence as we begin our study of Maryland's State-local fiscal structure. I look forward to resumption of the activities of the Task Force and its subcommittees following conclusion of the 1980 General Assembly. In the meantime, most welcome would be inquiries, comments, and suggestions from the Governor and members of the General Assembly regarding work the Task Force has accomplished to date, as well as the tasks it anticipates accomplishing during 1980.

Respectfully submitted,



Alfred L. Scanlan, Chairman
Task Force to Study State-Local
Fiscal Relationships

TABLE OF CONTENTS

	<u>Page</u>
Roster of Task Force Members and Advisory Members	iii
Letter of Transmittal	xiii
Table of Contents	xv
List of Appendices	xvii
List of Subcommittee Reports	xix
 INTRODUCTION	 1
 THE FUNDING OF PUBLIC ELEMENTARY AND SECONDARY EDUCATION	 3
Recommendations for the 1980 General Assembly	4
Proposals for Continued Study Through 1980	6
 THE FUNDING OF PUBLIC TRANSPORTATION	 9
Proposals of the Subcommittee on Transportation	10
Transportation Funding Proposals of the Task Force	12
 THE REVENUE STRUCTURE	 15
Subcommittee Proposals Endorsed by the Task Force	16
 SPENDING PATTERNS AND INTERGOVERNMENTAL ASSISTANCE	 17
Subcommittee Proposals Endorsed by the Task Force	18

3. The plants were grown in pots of equal size and shape, and were watered with the same amount of water each day. The plants were divided into two groups: one group received the treatment and the other group did not. The plants were measured at the beginning and at the end of the study.

4. The results of the study show that the treatment had a significant effect on the growth of the plants. The plants that received the treatment grew significantly taller and had a larger leaf area than the plants that did not receive the treatment. This suggests that the treatment is effective in promoting plant growth.

5. The study was limited by the small number of plants used and the short duration of the study. Further studies are needed to confirm the results of this study.

6. The study was conducted in a greenhouse, which may have affected the results. Further studies should be conducted in the field to determine the effect of the treatment on plant growth in natural conditions.

7. The study was conducted in the greenhouse, which may have affected the results. Further studies should be conducted in the field to determine the effect of the treatment on plant growth in natural conditions.

8. The study was limited by the small number of plants used and the short duration of the study. Further studies are needed to confirm the results of this study.

9. The study was conducted in a greenhouse, which may have affected the results. Further studies should be conducted in the field to determine the effect of the treatment on plant growth in natural conditions.

10. The study was limited by the small number of plants used and the short duration of the study. Further studies are needed to confirm the results of this study.

APPENDICES

	<u>Page</u>
A. HOUSE JOINT RESOLUTION 85 (IN THE SESSION LAWS AS JOINT RESOLUTION 41)--1979	21
B. DRAFT LEGISLATION INCORPORATING RECOMMENDATIONS OF THE SUBCOMMITTEE ON EDUCATION	23
C. FISCAL IMPACT OF EDUCATIONAL FUNDING RECOMMENDATIONS	31
D. MINORITY REPORT, SUBCOMMITTEE ON EDUCATION	33
E. IMPACT OF CHANGE IN WEALTH DEFINITION ON STATE AID FORMULAS OTHER THAN THE BASIC CURRENT EXPENSE FORMULA	35
F. LETTER TO THE GOVERNOR ASKING FOR FUNDING FOR COST-OF-EDUCATION STUDY	41
G. PUBLIC HEARINGS OF THE TRANSPORTATION SUBCOMMITTEE	43
H. FISCAL IMPACT OF RECOMMENDED TRANSPORTATION REVENUE PROPOSALS	47
I. FISCAL IMPACT OF RECOMMENDED MASS TRANSIT FUNDING CHANGES	49
J. LEGISLATION REPEALING 6% LIMITATION ON ASSESSABLE BASE GROWTH	51
K. LETTER TO GOVERNOR ASKING REASSESSMENT OF STATE AND LOCAL ROADS AND HIGHWAYS NETWORK	57
L. LETTER TO GOVERNOR ASKING STATEWIDE AND REGIONAL PLANNING FOR REFUSE DISPOSAL, INCLUDING HAZARDOUS WASTES	59
M. LETTER TO GOVERNOR ASKING SUPPORT FOR LEGISLATION WHICH WOULD READJUST THE PROGRAM OPEN SPACE LOCAL FUNDING FORMULA	61

SUBCOMMITTEE REPORTS

A Study of Maryland's Transportation Needs and Financing,
Subcommittee on Transportation, Presented to the Task
Force to Study State-Local Fiscal Relationships on
December 12, 1979.

Reports of the Subcommittee on Revenue Structure and the
Subcommittee on Spending Patterns and Intergovernmental
Assistance to the Task Force to Study State-Local
Fiscal Relationships, Presented to the Task Force on
December 12, 1979.

Report of the Subcommittee on Education to the Task Force
to Study State-Local Fiscal Relationships, Presented
to the Task Force on January 11, 1980.

Copies of these reports are available at:

Department of Fiscal Services
Maryland General Assembly
200 Legislative Services Building
90 State Circle
Annapolis, Maryland 21401
Telephone: (301) 269-3386

INTRODUCTION

During the 1979 Legislative Session, the Maryland General Assembly adopted House Joint Resolution 85 (included in the Session Laws as Joint Resolution 41) which asked for the appointment by the Governor and the legislative leadership of an executive-legislative Task Force to Study State-Local Fiscal Relationships in Maryland, five members, including the Chairman, to be appointed by the Governor; three members to be appointed by the President of the Senate; and three members by the Speaker of the House of Delegates. The appointments were made in early June, 1979, and, upon the call of its chairman, the Task Force convened its organizational meeting June 21, 1979. The Task Force analyzed the broad scope of responsibilities identified in Resolution 41, and, consequently, decided to divide into four subcommittees for the purpose of addressing the following subject matter areas: educational funding; transportation funding; the State's revenue structure; and forms and patterns related to local revenues and expenditures together with intergovernmental funding arrangements. Because of its limited number of members, the Task Force determined that to carry out effectively the responsibilities assigned to each subcommittee, additional appointments would be required. These appointees, known as advisory members, were appointed by the Task Force Chairman, bringing the total membership of the group to forty-one, and thereby providing each subcommittee with an aggregate of from nine to eleven members and advisory members. The rosters beginning on Page iii of this Task Force interim report identify the composition and membership of the Task Force and its subcommittees.

As understood by the members and advisory members of the Task Force, the group is to be in existence eighteen or twenty months, provide an interim report to the Governor and the Legislature for consideration by the 1980 General Assembly, and provide a final report on State-local relationships in late 1980 for consideration by the General Assembly of 1981. Early in the work of the Task Force, it became clear that the Governor and the legislative leadership were looking to this group for guidance during the 1980 Legislative Session, especially in two critical areas of State-local funding arrangements, viz., the funding of public elementary and secondary education together with the funding of the State's transportation facilities, including mass transit systems. Thus, it was expected that the Education and Transportation Subcommittees would provide rather comprehensive recommendations for consideration by the 1980 General Assembly, while the Subcommittees on Revenue Structure and Intergovernmental Assistance would begin more protracted activities in 1979, continue their studies through 1980, culminating in a final report late this year, 1980. The plan was carried through, as will be seen in reviewing the work of the subcommittees.

This interim Task Force report, then, includes major recommendations which will improve the educational funding system, resolve many of the problems associated with the Transportation Trust Fund, and establish a stable source of revenue for the rapid transit systems in the Baltimore and Washington metropolitan areas. The more time-consuming work of studying the revenue structure and State-local patterns of spending and assistance will continue to its culmination in late 1980, at which time all four subcommittees are expected to report in a comprehensive manner on their assigned subject matter areas. At this writing, each of the four subcommittees has provided the Task Force with interim reports, and the bulk of the proposals from the subcommittees to the Task Force have been endorsed by the Task Force for transmittal to the Governor and the Legislature. Consequently, this interim Task Force report refers heavily to the subcommittee reports, and, not wishing to be redundant, emphasizes for consideration by the Governor and the General Assembly the most salient items proposed by the subcommittees and endorsed by the Task Force.

The Task Force met as a whole in 1979 usually about once per month to receive reports from the subcommittees. During the earlier period of activities, while the subcommittees were still developing proposals, the Task Force at its various meetings, in addition to receiving cursory reports from its subcommittees, heard testimony from experts in inter-governmental funding; the Chairman of the Special Joint Committee on Tax and Spending Limitations; a report on the budget by the Director of the Department of Fiscal Services; and other staff reports on activities in support of the Task Force and its subcommittees.

THE FUNDING OF PUBLIC ELEMENTARY AND SECONDARY EDUCATION

As described in Joint Resolution 41, the analysis of public elementary and secondary educational funding is a particularly vital aspect of the State's involvement in local fiscal affairs. The Resolution charges the Task Force with study of educational funding through the 1980's. Toward fulfillment of this responsibility, the Task Force created the Subcommittee on Education comprised of two members appointed by the Speaker of the House of Delegates; two ex-officio members appointed by the Governor; and seven advisory members appointed by the Task Force Chairman. The Subcommittee on Education has viewed its charge as comprehensive in nature, one embracing careful reappraisal of State-local relationships involved in the many complex issues relating to educational finance. A complete study of this system will require more than the several months devoted to the subject during 1979. The Subcommittee, nevertheless, realized the importance of addressing certain issues and accordingly has made legislative proposals for consideration by the 1980 General Assembly.

The Subcommittee, through a series of fourteen meetings beginning July 10, 1979, considered the many aspects of current school financial assistance in Maryland; devoted a considerable amount of time to updating information concerning current principles and practices of public school finance; considered long-term goals; adopted a general framework toward which Maryland should move in the field of educational finance; and adopted specific legislative proposals which will enhance the adequacy and equity of the Maryland school finance system.

On January 11, 1980, the Subcommittee on Education reported on an interim basis to the Task Force. The Task Force concurred in the Subcommittee's recommendations and herewith transmits those recommendations to the Governor and the General Assembly for their consideration. A full discussion of Maryland's current school aid system, current thought in the field of educational finance, and the Subcommittee's rationale for their proposals may be found in the Subcommittee report dated January 11, 1980, available from the Department of Fiscal Services; also available at the Department are a variety of related work papers, calculations, and other resource material related to school finance.

Prior to enumerating the Subcommittee's specific recommendations, it is useful to note several of the major premises upon which the Subcommittee bases its recommendations. These are:

- That if appropriate adjustments are not made in the school finance system in 1980, declining enrollments will automatically bring a significant reduction in total amounts of State aid to many jurisdictions.
- That the shift to triennial assessments will limit the rise in local wealth, placing strong upward pressure on property tax rates, and, consequently, limiting local funds for education.

- That there is no ideal or "correct" method for funding education, but that an aid system must attempt to fulfill certain goals, goals which include adequacy of educational funding, equity, equality of opportunity, efficiency, local leeway (local control), and accountability (making certain that localities use school aid for educational purposes).
- That an adequate balance be achieved between equalized school aid and categorical aid, with emphasis where reasonable and feasible on equalization.
- That an adequate definition of what constitutes a child's basic education in Maryland be developed, first in terms of dollars and eventually in terms of services.
- That existing disparities in per pupil expenditures (the ratio of high per pupil to low per pupil expenditures among the State's school districts) be reduced where possible through targeting assistance to the subdivisions with low expenditures per pupil.
- That the variance in the cost of educational services around the State be identified and accounted for in determining the level of educational expenditures and State aid in each locality.
- That the definition of wealth be modified as appropriate to reflect more accurately the ability of localities to tax, and thus to pay their share of educational costs.
- That the State's traditional role be preserved of improving the State's contribution to local educational funding while attempting not to harm any particular jurisdiction.

Recommendations for the 1980 General Assembly

The Subcommittee proposes and the Task Force concurs in the following recommendations for immediate consideration by the Legislature. These recommendations are reflected in draft legislation which is included in Appendix B to this report. The fiscal impact of the recommendations, including the net effect of the proposals considered together, is set forth in Appendix C. The effect of the proposed changes in the definition of wealth on State aid formulas other than basic current expense school aid is included in Appendix E.

1. Basic Current Expense Aid--Determination of Funding Level.

Because there was not time to develop a program description around services (which is the long-term goal of the Subcommittee) rather than dollars prior to the 1980 General Assembly, the Subcommittee proposed that a dollar per pupil level (to be shared in by the State and each school district) be established based upon a three-year Statewide average per pupil expenditure level. For fiscal year 1981, the program level would be increased from

\$784 to \$942 per pupil, and in subsequent fiscal periods, the "self-adjusting mechanism" would become operational, establishing the per program level at 75% of a Statewide three-year average expenditure. The Task Force adopted this proposal with the stipulation that a cap based upon inflation be provided to limit the extent to which the per pupil level could increase in any one year. The inflationary cap is included in Appendix B's draft legislation.

2. Basic Current Expense Aid--Definition of Wealth. To reflect more accurately what the subdivisions can actually tax, and thus to portray more exactly their ability to pay their share of a school funding program, the educational aid formula's wealth component should be changed to:

- Include preferentially assessed agricultural land in the real property component at 50% of its farm use valuation.
- Include utility shares (domestically-owned utility personal property) and utility personal property (foreign-owned utility personal property) phased in at 10% per year until the total value of the utility personal property is reached at the end of a ten-year period.

Although the Task Force endorsed this proposal and transmits it as proposed to the Legislature, Mr. C. Bernard Fowler, County Commissioner from Calvert County, has filed a minority report which is found in Appendix D. Calvert County is particularly hard hit by the inclusion of utility shares and utility personal property, the subject of Commissioner Fowler's minority report.

3. Increase Decimal Places in Calculating School Contribution Rate. A technical modification in the school aid law would increase the number of decimal places in the uniform local contribution rate (LCR), a change which would minimize fluctuations caused in State aid calculations because the percentage factor is currently rounded to three places. Five percentage decimal points, which is recommended, would provide more accuracy.

4. Target Additional Aid to the Low-Spending, Low-Wealth Subdivisions. Reduction of per pupil expenditure disparities among the counties would be accomplished by "leveling-up" the expenditures of the lower per pupil expenditure counties through the targeting of additional aid to those counties. The recommendation includes targeting of \$8 million among twelve counties selected on the basis of the same per pupil expenditure data used to establish the basic current expense aid level. Refer to the Education Subcommittee's Interim Report for a detailed explanation of the method of computing the averages; the application of an education revenue/expenditure index (to adjust for counties which actually may choose to spend less as compared to those which must spend less because of limited resources); the calculation of the median; the identification of the low twelve counties; and the equalized distribution of the \$8 million aid package.

5. Employer Contribution to Teachers' Social Security. This proposed change in the school aid system would, for the first time, begin the shift of a 100% State funded categorical program to a State-local sharing program. The Subcommittee recommends a 90%-10% program, the State paying 90% and the local jurisdictions 10% of teachers' Social Security employer contributions. An amount equivalent to 10% of what the State would otherwise spend on this program in fiscal year 1981 would be withheld from the fiscal year 1981 payments and distributed to the subdivisions via a 100% equalization mechanism according to per pupil wealth, with the lower per pupil wealth (relative to a State average per pupil wealth) counties gaining more and the higher per pupil wealth (relative to the State average) counties gaining less. The shift from categorical to equalized aid in this instance would be about \$6.5 million. The impact in each county is displayed in Appendix C.

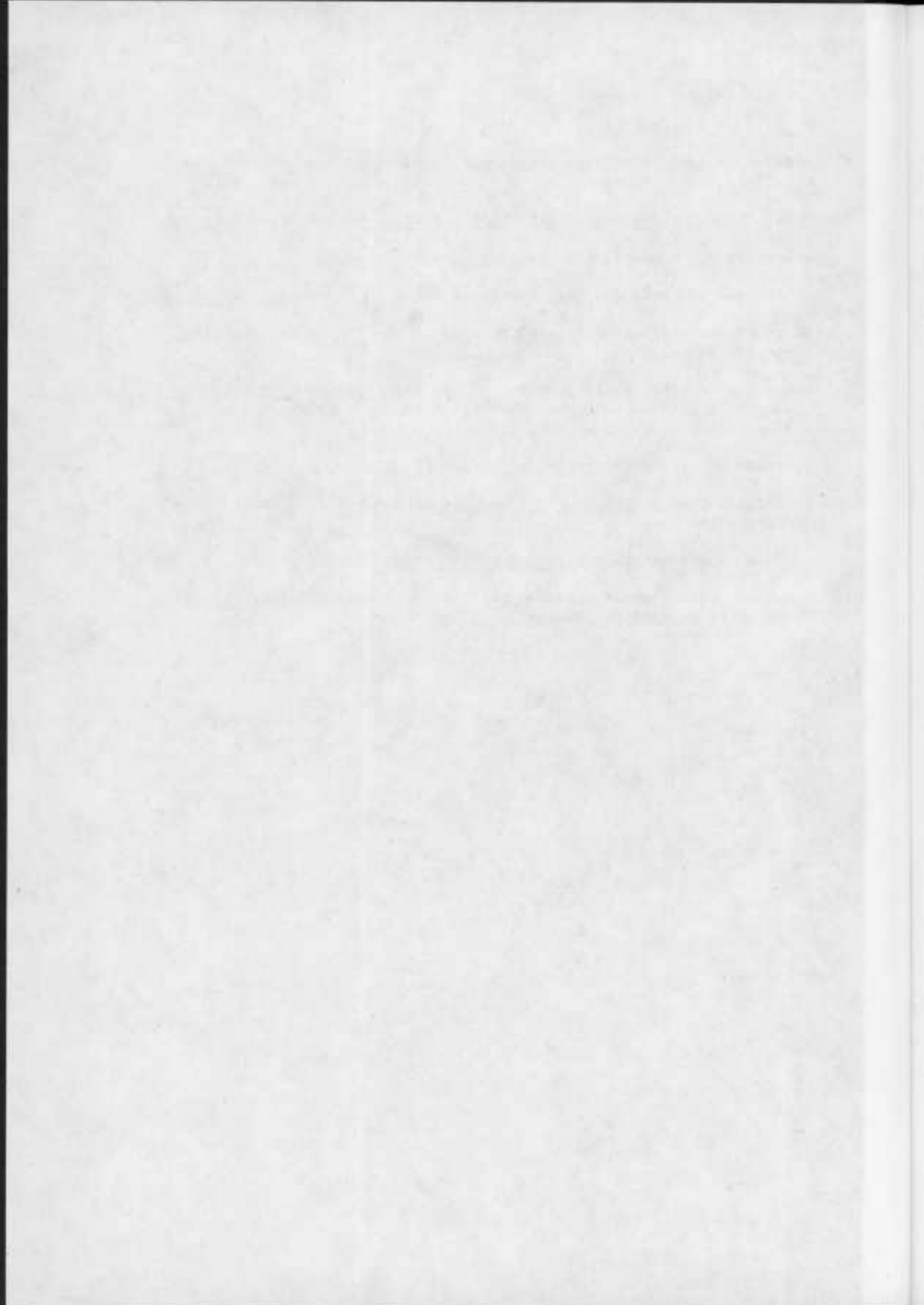
6. Maximum Per Pupil Decrease. The Subcommittee proposes a "safety net" based on per pupil expenditure levels. No jurisdiction would receive more than a 7 1/2% reduction in per pupil State aid for current basic expenses in fiscal year 1981. This per pupil calculation would take into account all the proposals of the interim Subcommittee report (the changes in wealth definition, the increase in program level, the Social Security shift, and the targeted aid). One jurisdiction would be affected by this recommendation, i.e., Talbot County, in which a loss of \$138,672 without the safety net would become \$57,682 under the proposed 7 1/2% safety net.

7. Effect of Wealth Changes on Other Formulas. The Subcommittee wanted to be certain that the change in wealth definition proposed by it would not in any way cause reductions in State aid through other formulas utilizing wealth as a component of the distribution mechanism. The Task Force staff has analyzed the impact of the wealth definition change on the wealth components of formulas for special education; police aid; health services; and library aid. The results of this analysis are included in Appendix E.

8. Cost-of-Education Study. The Subcommittee recommended a study to determine education costs and education cost variances among the counties. Based upon Task Force concurrence with this recommendation, the Chairman forwarded the letter which is included in Appendix F to the Governor, asking inclusion in the Executive Budget of approximately \$110,000 to fund the cost-of-education study, as well as the development of a related cost-of-education index.

Proposals for Continued Study Through Calendar Year 1980

The Subcommittee provided the following listing of anticipated issue areas and school finance problems to be addressed through technical staff work, consultant assistance, and Subcommittee analysis during the remainder of this year, activities to be reported upon by the Subcommittee in its final report of December, 1980. These items include:



THE FUNDING OF PUBLIC TRANSPORTATION

As with the emphasis on educational funding, the Task Force was also asked by the Governor and the legislative leadership to emphasize in its work for the 1980 General Assembly the funding of public transportation. More specifically, the Task Force was asked to 1) study and report upon alternatives for stemming the erosion of the Transportation Trust Fund; and 2) determine a stable and reliable method of funding the rapid transit systems in Baltimore and Washington. Toward fulfillment of these responsibilities, the Task Force created the Subcommittee on Transportation, with two members appointed by the President of the Senate; two ex-officio members appointed by the Governor; and eight advisory members appointed by the Task Force Chairman.

The Subcommittee met at twenty regular public meetings and work sessions, hearing testimony from 65 witnesses. A list of meeting dates, the subject matter at each meeting, and witnesses is included in Appendix G. The Subcommittee on Transportation presented a comprehensive and detailed report to the Task Force on December 12, 1979. Copies of the report, which include all of the written testimony presented to the Subcommittee, are available at the Department of Fiscal Services. At its meeting of January 11, 1980, the Task Force voted on each of the Subcommittee's proposals, concurring that each of the proposals should be forwarded to the Governor and the General Assembly for consideration at the 1980 Session.

At its meeting of January 11, 1980, the Task Force also considered draft legislation which would implement the proposals of the Subcommittee on Transportation. The Task Force was unable at the January 11 meeting to reach agreement on several aspects and details of the proposed legislation, and, therefore, decided to submit no legislation with the Task Force report. Legislative staff together with attorneys from the Department of Transportation will continue to refine the legislative proposals in preparation for their introduction.

Perhaps the most significant findings of the Subcommittee are that unless the Transportation Trust Fund of the Maryland Department of Transportation is augmented with additional revenues in the immediate future, the State of Maryland and its political subdivisions face extensive curtailment of the many transportation services and programs which support highways, railroads, Maryland ports, mass transit, aviation, and other modes of transportation. To this end, the Subcommittee focused its attention upon the revenue structure which presently supports the Trust Fund and made several recommendations which will provide additional funds to help subsidize transportation programs in the State.

The Secretary of the Maryland Department of Transportation has repeatedly indicated that over the next decade approximately \$2.5 billion will be additionally necessary to fund adequately the more realistic needs of transportation in Maryland. The Secretary has indicated that if no change is made in the Trust Fund's present revenue structure, the

significant reduction in revenues coupled with growing inflation, particularly in capital construction and labor intensive projects, will result in a severe diminution of transportation services.

The Subcommittee tried to ascertain the future transportation needs and funding requirements of the political subdivisions. Some transportation projects were identified and costs were projected for those, but clearly no uniform and consistent identification of all local needs were obtained.

Proposals of the Subcommittee on Transportation

After extensive discussion, analysis, and deliberations by the Subcommittee, the following recommendations were offered to the Task Force, which concurred in them and herewith transmits them to the Governor and General Assembly for consideration at the 1980 General Assembly.

1. Transportation Trust Fund. The Subcommittee recommends that the Transportation Trust Fund concept be retained in its present form without changes to its structure or purpose.

2. Highway User Revenues. The Subcommittee recommends that the present formula for distribution of Highway User Revenues to the political subdivisions of this State remain unchanged.

3. Variable Fuel Tax. The Subcommittee recommends that the present structure of the fixed gasoline tax be replaced with a variable fuel tax to be imposed with the following features:

- Effective rate of 10¢ per gallon commencing July 1, 1980.
- Index to the Consumer Price Index and round to the nearest tenth of a cent (use most recent 12-month CPI figures available).
- Guarantee a floor to be no less than 9¢ per gallon increase.
- Annual ceiling of no more than 1¢ per gallon increase.
- Comptroller of the Treasury to calculate and report in writing the effective tax rate to the General Assembly by the first day of each Session.
- Rate will automatically increase effective July 1 of each year unless the General Assembly, by the adoption of a joint resolution, disapproves the proposed rate.
- Allocate in the same manner as are the present Highway User Revenues at the 9¢ rate; the proceeds of each annual rate increase would also be shared pursuant to the present formula.

4. Fuel Tax in Lieu of Aircraft Registration Fees. The Subcommittee recommends abolition of the registration fees for aircraft currently imposed under statute by the State Aviation Administration. In lieu of the registration fees, the Subcommittee recommends that aviation users of motor fuel be required to pay one-third of the prevailing rate of the State motor fuel tax, be it fixed or variable.

5. Motor Vehicle Registration Fees. The Subcommittee recommends that the registration fees for Class A passenger vehicles and commercial vehicles be increased effective July 1, 1980. In both weight classes of the passenger vehicles, registration fees should be increased by \$10 each. Commensurate increases (1/3 higher) in commercial vehicle registration fees should also be effected. An additional increase in motor vehicle registration fees should be considered by the Legislature and the Governor at the end of fiscal year 1983. Proceeds from the increased fees would be allocated as Highway User Revenues.

6. Vehicle Titling Tax. The Subcommittee recommends that the 1% allocation of the motor vehicle titling (excise) tax presently distributed to the State's General Fund be diverted and the proceeds be retained in the Maryland Department of Transportation's Transportation Trust Fund. These funds are not recommended for allocation to the subdivisions as Highway User Revenue.

7. Corporate Income Tax. The Subcommittee recommends that the allocation of the present 7% corporation income tax be modified so that 1.75% is distributed to the Transportation Trust Fund and the remainder (5.25%) is deposited in the State's General Fund. The additional proceeds of these funds are not recommended for allocation as Highway User Revenues to the localities.

8. State-Local Mass Transit Capital Subsidies. The Subcommittee recommends that the Transportation Trust Fund assume all non-Federal capital deficits for the Metro and Baltimore rail and bus systems commencing July 1, 1980. This will result in providing equity in terms of the capital and construction subsidies to both regions.

9. State-Local Operating Subsidies to Mass Transit. The Subcommittee recommends that the Transportation Trust Fund assume 75% of all operating deficits (after fare box income and Federal subsidies) of the Baltimore and Washington rail and bus systems. It is recommended that the local Maryland jurisdictions which are serviced by these systems be required to contribute the remaining 25%, distributed by political subdivision based upon an equitable formula of ridership and service to be determined by mutual agreement of the affected localities.

10. Fare Box Receipts. The Subcommittee recommends that periodic financial reviews be made of fare box receipts and total operating deficits with the view of adjusting rates to achieve the goal of producing a minimum of 50% of the operating deficit through the fare box. At the Task Force meeting of January 11, 1980, Speaker Cardin moved, and the Task Force

concurred, that the 50% fare box be mandated rather than set as a goal. Furthermore, the Subcommittee recommends that the difference between the regular fares and the reduced fares for the disadvantaged, handicapped, elderly, and students be subsidized by appropriate social or education program budgets through reimbursements and not from the resources of the Transportation Trust Fund.

11. Transportation Districts. The Subcommittee recommends the continuation of the Washington Suburban Transit District and the Washington Suburban Transit Commission for management, construction, planning, operation, and financing purposes for that metropolitan area transportation system.

The Subcommittee further recommends granting authority to certain localities for the creation of a Transportation District involving participation by the local governing authorities within the Baltimore metropolitan area for operating, management, construction, planning, and financing purposes for those jurisdictions serviced by mass transit.

12. Permission to Levy Local Sales Tax. The Subcommittee recommends that the counties of Anne Arundel, Baltimore, Montgomery, and Prince George's, and Baltimore City, which are serviced by mass transit, be granted permissive authority to impose up to a full 1% local retail sales tax piggybacked to the State retail sales tax in order to provide an additional funding mechanism other than from local general fund revenues to help subsidize mass transit within their jurisdiction. It is recommended that should such a tax be invoked by a subdivision, the proceeds be restricted solely for use in offsetting mass transit operating deficits.

13. Toll Facility Revenues. The Subcommittee recommends that the Governor and the Legislature urge the Maryland Congressional delegation to sponsor legislation which would relax the prohibition on the specific use of toll revenues from bridge and tunnel programs and permit the transfer of certain excess funds, less withholding for reserve and contingency fund purposes, to the Transportation Trust Fund.

14. Future Study. When the Subcommittee is reactivated following the 1980 General Assembly Session, among the items for its consideration should be review of the "property tax value capture" concept for funding of mass transit, i.e., some method for utilizing for metro funding purposes increasing land values in areas adjacent to transit stations.

Transportation Funding Proposals of the Task Force

The Task Force on State-Local Fiscal Relationships commends the Subcommittee on Transportation for its detailed study and analysis of transportation needs and alternative means of financing. The Task Force concurs with the finding of the Subcommittee that a significant amount of additional funds are required to enable the Transportation Trust Fund to finance capital facilities and transit operating deficits during the 1980s.

The Task Force has reviewed the series of recommendations offered by the Subcommittee. It concurs with the recommendations continuing the Transportation Trust Fund and the existing allocation of the Highway Users Fund. The proposals for additional funds (variable fuel tax, increased vehicle registration fees, and transfer of vehicle titling tax and corporate income tax) are viable options for providing additional transportation funds. However, the Task Force notes there are other alternatives that should be considered in light of the State's overall fiscal posture and the budget recommended by the Governor. Therefore, the Task Force is submitting the four revenue proposals to the Executive and the Legislature as providing a meaningful basis for developing a program of increased financial support for transportation. It is necessary to provide a commitment of increased funds to meet the transportation needs of the State, the counties, Baltimore City, and the municipalities not only for fiscal year 1981 but also for subsequent years.

The Task Force supports the Subcommittee's recommendations concerning the State's responsibility for construction of mass transit facilities. The Task Force also supports the concept of an equitable standard State policy for the funding of operating deficits in the Baltimore and Washington transit systems. The Subcommittee's recommendations concerning creation of transit districts and authority for a local sales tax are patterned after practices in other metropolitan areas. The Task Force believes that these proposals should be placed before the Executive and the Legislature. In the same manner, the Task Force is submitting the Subcommittee's recommendations concerning a fare box policy and the maximum amount of State subsidy. This policy issue of transit operating deficits needs to be determined at the 1980 Session.

Finally, the Task Force supports the Subcommittee's recommendations concerning the aircraft registration fees and the transfer of toll revenues.

The first section contains a general statement of the purpose of the investigation. It is to determine the effect of the various factors mentioned in the title on the growth of the plant. The second section contains a description of the materials and methods used in the investigation. The third section contains a description of the results of the investigation. The fourth section contains a discussion of the results and a conclusion. The fifth section contains a list of references.

The first section contains a general statement of the purpose of the investigation. It is to determine the effect of the various factors mentioned in the title on the growth of the plant. The second section contains a description of the materials and methods used in the investigation. The third section contains a description of the results of the investigation. The fourth section contains a discussion of the results and a conclusion. The fifth section contains a list of references.

The first section contains a general statement of the purpose of the investigation. It is to determine the effect of the various factors mentioned in the title on the growth of the plant. The second section contains a description of the materials and methods used in the investigation. The third section contains a description of the results of the investigation. The fourth section contains a discussion of the results and a conclusion. The fifth section contains a list of references.

Summary of the Results of the Investigation

The first section contains a general statement of the purpose of the investigation. It is to determine the effect of the various factors mentioned in the title on the growth of the plant. The second section contains a description of the materials and methods used in the investigation. The third section contains a description of the results of the investigation. The fourth section contains a discussion of the results and a conclusion. The fifth section contains a list of references.

REVENUE STRUCTURE

The responsibilities identified by the Task Force with regard to this Subcommittee's work prior to the 1980 General Assembly were directed principally at exploration of Maryland's revenue structure, consideration of alternative approaches to the production of greater revenue yields together with increased taxpayer equity, and the development of a work plan for calendar year 1980, principally for work following the 1980 Session, which would result in a comprehensive report to the Task Force late in 1980. The Subcommittee reported to the Task Force December 12, 1979. Copies of the Subcommittee report are available at the Department of Fiscal Services; also available at the Department are a variety of staff reports and other documents considered during the 1979 work sessions of the Subcommittee.

The five members of this Subcommittee (including two ex-officio members) were appointed by the President of the Senate, the Speaker of the House of Delegates, and the Governor. Eight advisory members were appointed by the Task Force Chairman. The Subcommittee met twelve times during 1979, beginning July 9. All of the sessions were devoted to discussions of staff reports concerning various aspects of the revenue structure. No public hearings were conducted. Hearings are anticipated in 1980 once the Subcommittee resumes its work following the 1980 General Assembly Session. Significant activities of the Subcommittee during 1979 included:

- Analysis of the triennial assessment law, including an estimate of what the assessable base would look like today had the law been implemented in 1975; analysis of its impact on municipal governments; and the effect of lifting the 6% limitation on assessable base growth.
- A review of House Bill 66 (pre-filed in the 1980 General Assembly) sponsored by Delegate William Burgess, which would apply the 6% assessable base growth limitation to the various categories of assessments, including residential, commercial, and agricultural.
- Comparative studies of Maryland's income tax with other states, as well as the effects of several proposed changes to the Maryland income tax system.
- Comparative analysis (relative to other states) of the Maryland sales tax, including a comparison of exemptions and yields from varying rates.
- Analysis of the stability of local revenue sources and alternatives for additional taxing authority.
- Reviewed spending patterns of selected subdivisions and analyzed the source of revenue supporting that spending.

- Developed a balance sheet reflecting the concept of importing and exporting tax dollars to or from the subdivisions.
- Reviewed the concept of tax base sharing and its possible relevance for the Maryland system.
- Reviewed a proposal by County Executive (Howard County) J. Hugh Nichols which would provide additional local education funding from an increase in piggyback income tax rates.

Subcommittee Proposals Endorsed by the Task Force

Of the Subcommittee's three principal proposals, the Task Force endorsed the first two and rejected the third.

1. Triennial Assessment Law--Repeal 6% Assessment Lid. The Subcommittee proposed, and the Task Force concurred, that the 6% assessment limitation included in the new triennial system, i.e., included in the "Beck Bill," be repealed. The Subcommittee pointed out that one of the unintended effects of the 6% lid is a shift of the tax burden in most subdivisions from business property to residential property. Had the Task Force not endorsed the repealer, the Subcommittee was prepared to ask that the Task Force support House Bill 66, which applies the 6% cap to each assessment category, i.e., commercial, residential, and agricultural. Legislation which would implement this proposal is included as Appendix J to this report.

2. Triennial Assessment Law--Impact on Municipalities. The Subcommittee recommended, and the Task Force concurred, that a review should be conducted of the special problems created in municipalities by operation of the 6% assessment lid, especially in those localities which are characterized by charter provisions limiting tax rate increases, provisions which preclude constant yields from limited growth tax bases.

3. Review of Tax and Spending Limitation Proposals. The Subcommittee recommended to the Task Force that the Special Joint Committee on Tax and Spending Limitations refer recommendations and findings to the Revenue Structure Subcommittee prior to transmittal of those proposals to the General Assembly. The Task Force voted against this proposal.

ANALYSIS OF SPENDING PATTERNS AND INTERGOVERNMENTAL ASSISTANCE

The subject matter before this Subcommittee is not only very complex but also has been studied so little in the past that there is a minimum of guidance in terms of research reports or methodology with which to approach local spending patterns and the various arrangements utilized in distributing funds among the subdivisions, i.e., the formulas used for State aid purposes. Thus, the Subcommittee on Spending Patterns and Intergovernmental Assistance spent nearly all its time in 1979 exploring various avenues of inquiry with regard to funding and expenditure patterns. A comprehensive report on the subject is anticipated in late 1980.

This Subcommittee includes three members appointed by the Governor; two ex-officio members--the Lieutenant Governor and the Task Force Chairman; and seven advisory members appointed by the Task Force Chairman. The Subcommittee met on eight different occasions during 1979, beginning July 12. Copies of the Subcommittee's interim report to the Task Force, dated December 12, 1979, are available at the Department of Fiscal Services, where also are available copies of staff reports prepared for the Subcommittee during its 1979 activities. The Subcommittee in 1979 held no public hearings, but it is planned that testimony from the public will be invited during 1980.

Among the Subcommittee's activities in 1979 were these:

- Review of the manner in which funds are received and spent at each level of government, in addition to an examination of the degree of intergovernmental assistance that exists between the various levels of government in Maryland.
- Review of data summaries concerning the amount and source of total revenue received by local governments (county and municipal) in Maryland during fiscal years 1970, 1974, and 1978.
- Review of similar types of data summaries for local government expenditures during the same time period (1970, 1974, and 1978).
- Review of the various types of services funded and administered at the local government level.
- Review of the property tax differential issue (services funded by county property tax vis-a-vis municipal property tax). An in depth study of this matter is anticipated during 1980.

Subcommittee Recommendations Endorsed by the Task Force

The following Subcommittee recommendations, with which the Task Force concurred at its meeting of January 11, 1980, have been transmitted to the Governor via letter from the Task Force Chairman, copies of which are included in Appendices K, L, and M of this report.

1. State Roads and Highways. A request to the Governor from the Task Force that the Department of Transportation reassess the roads and highways network in Maryland to determine whether certain facilities should be transferred between the State and local system, i.e., which level of government (State, county, or municipal) should be responsible for general construction and maintenance costs. (Appendix K)

2. Refuse Disposal Planning. A request by the Task Force to the Governor that the State engage in regional and Statewide planning for the purpose of devising ways and means for the proper disposal of refuse (including hazardous wastes) throughout the State of Maryland. (Appendix L)

3. Program Open Space Local Funding Formula. A Task Force request to the Governor asking support for legislation which would readjust the Program Open Space local funding formula to allow use of open space funds by subdivisions for land acquisition and/or development purposes, contingent upon the subdivisions acquiring a "fair share" of open space acreage. (Appendix M)

Page 17

THE STATE OF TEXAS

THE STATE OF TEXAS

THE STATE OF TEXAS

THE STATE OF TEXAS

THE STATE OF TEXAS

THE STATE OF TEXAS

APPENDICES

APPENDICES

APPENDICES

APPENDICES

APPENDICES

APPENDICES

APPENDICES

Specialized Recommendations Submitted to the Task Force

The following recommendations, submitted to the Task Force pursuant to its meeting of January 11, 1969, were then transmitted to and discussed the Director of the Task Force Committee, copies of which are included in Appendices I, II, and III of this report.

1. State Roads and Highways - A report to the Governor from the Task Force that the Department of Transportation request the roads and highways agency to develop to determine whether certain facilities should be provided through the State and local agency, and which level of government (State, local, or individual) should be responsible for general maintenance and maintenance costs. (Appendix I)

2. Public Transit Planning - A report to the Task Force by the Governor that the State request to regional and Statewide planning for the development of public transit and roads for the people of the State (Appendix II)

3. Transportation Planning - A report to the Task Force by the Governor that the State request to regional and Statewide planning for the development of public transit and roads for the people of the State (Appendix III)

No. 41

(House Joint Resolution No. 85)

A House Joint Resolution concerning

The Creation of a Task Force to
Study State-Local Fiscal Relationships

FOR the purpose of requesting that the Governor, the President of the Senate, and the Speaker of the House of Delegates appoint an Executive-Legislative Task Force to Study State-Local Fiscal Relationships in Maryland.

WHEREAS, Growth in taxation and spending must be checked, not only at the State level but also among the local jurisdictions in Maryland; and

WHEREAS, Changes must be fostered in Maryland's fiscal system which enhance not only tax equity among Maryland's citizens but also more equitable distribution and funding of public services among the State and local governments in Maryland; and

WHEREAS, The relationships among State and local fiscal systems grow in complexity, as evidenced by increases in the variety of taxing authorities; proliferation of State grants-in-aid to the subdivisions; constant pressure for changes in State aid distribution formulas for education, health services, public safety, and other vital services; and State assumption of heretofore locally administered programs, including property assessments, social services, and mass transit construction; and

WHEREAS, Because of the high level of interdependence among the State and local revenue and taxation systems in Maryland, change in one aspect of the system frequently significantly affects the system's other components; and

WHEREAS, The Maryland Commission on Funding of Public Education recently concluded that the State should "move toward a total program that would fund 50 percent of the cost of a basic education program by fiscal 1984," a proposal which highlights the need for further study of the way in which changes in aid distribution formulas should progress through the 1980's; and

WHEREAS, Recently, several local governments have filed a law suit challenging the constitutionality of the current system of financing public education; and

WHEREAS, There is continuing concern as to the level of property taxes in Maryland, including the State property tax as well as property taxes imposed by the various local governments; and

~~WHEREAS, The graduated income tax, enacted by the Legislature in 1967, has remained virtually unchanged notwithstanding numerous proposals concerning rates and brackets, standard deductions, personal exemptions, and combined separate filing status; and~~

WHEREAS, The State and local tax structure, to include property, sales and income taxes, has not been comprehensively examined in the context of the fiscal relationship that exists today between the State and local governments; and

WHEREAS, Only through intensive and continued analysis and evaluation of the State-local fiscal structure in Maryland can sound and responsible means be devised for limiting taxation and spending in the State; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Governor of Maryland, the President of the Senate, and the Speaker of the House of Delegates are requested to appoint, before May 1, 1979, an Executive-Legislative Task Force to Study State-Local Fiscal Relationships in Maryland; and be it further

RESOLVED, That this Task Force be comprised of 42 11 members: ~~four~~ five members to be appointed by the Governor; ~~four~~ three members to represent the Senate, to be appointed by the President of the Senate; and ~~four~~ three members to represent the House of Delegates, to be appointed by the Speaker of the House. The Chairman of the Task Force shall be designated from among the 42 11 members by the Governor; and be it further

RESOLVED, That the Department of Fiscal Services, with assistance from the Department of Budget and Fiscal Planning and other State agencies, shall provide staff assistance to the Task Force; and be it further

RESOLVED, That the Task Force shall report its initial findings and recommendations to the Governor and to the General Assembly no later than January 1, 1980, and that it recommend legislation for the 1980 Legislature specifying areas that need further study; and be it further

RESOLVED, That copies of this Resolution be forwarded to the Governor of Maryland.

Signed May 1, 1979.

By:

A BILL ENTITLED

AN ACT concerning

State Financial Assistance for Public Education

FOR the purpose of altering the State and local shares for basic current expenses for public education; defining certain terms; establishing additional formulas for the calculation of State educational aid; and generally relating to State financial assistance for public education; and providing that this Act is contingent upon a certain appropriation in the Budget Bill.

BY repealing and reenacting, with amendments,

Article - Education
Section 5-202(a) and (b)
Annotated Code of Maryland
(1978 Volume and 1979 Supplement)

BY adding to

Article - Education
Section 5-202 (d), (e), and (f), inclusive
Annotated Code of Maryland
(1978 Volume and 1979 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article - Education

5-202.

(a) (1) In this section the following words have the meanings indicated.

(2) "Adjusted assessed valuation of real property" means the most recent estimate made by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly, of the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter stricken from existing law.

assessed value of real property for State purposes as of July 1 of the first completed fiscal year before the school year for which the calculation of State aid is made under this section. If the State Department of Assessments and Taxation estimates that real property in any county is assessed at other than 50 percent of market value, the assessed valuation of those categories of real property that are estimated to be assessed at other than 50 percent of market value, on the basis of surveys made under Article 81, § 232(14) of the Code, that are reported on or before November 1 of the first calendar year before the school year for which the calculation is made, shall be adjusted to 50 percent. This adjustment does not apply to public utility operating property OR TO PREFERENTIALLY ASSESSED AGRICULTURAL PROPERTY. PREFERENTIALLY ASSESSED AGRICULTURAL LAND SHALL BE INCLUDED IN THE ADJUSTED ASSESSED VALUATION AT 50 PERCENT OF FARM USE VALUATION AS DETERMINED IN ACCORDANCE WITH FARM USE ASSESSMENT STANDARDS ESTABLISHED BY THE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(3) "Basic current expenses" means the expenditures made by a county from State and county revenue for public elementary and secondary education exclusive of:

(i) Payments for debt service, capital outlay, and transportation of students;

(ii) State aid for handicapped children paid under §§ 8-417.2 and 8-417.3 of this article;

(iii) State aid for driver education paid under the Maryland Driver Education Program Act; and

(iv) State aid for food services.

(4) "Net taxable income" means the amount certified by the State Comptroller for the second completed calendar year before the school year for which the calculation of State aid under this section is made, based on tax returns filed on or before July 1 after this calendar year.

(5) "Real property" includes:

(i) Any interest in land or improvements to land;

(ii) Land and nonoperating property of railroads and public utilities; and

(iii) Operating property of public utilities classified as real property by the Department of Assessments and Taxation.

(6) "Students" or "students enrolled" means:

(i) All students enrolled in grades 1 through 12 or their equivalent in regular day school programs on September 30 of the previous school year and in Baltimore County includes the students in the Lida Lee Tall School of Towson State University;

(ii) One half of the number of students enrolled in kindergarten programs on September 30 of the previous school year, except that in Garrett County the full number of kindergarten students is included; and

(iii) The number of full-time equivalent students, as determined by a regulation of the Department, enrolled in evening high school programs during the previous school year.

(7) "[Wealth" means the sum of net taxable income and adjusted assessed valuation of real property.] UTILITY PERSONAL PROPERTY" MEANS UTILITY PERSONAL PROPERTY OWNED BY FOREIGN CORPORATIONS AT 10 PERCENT OF ASSESSED VALUE AS OF JULY 1, 1979; 20 PERCENT AS OF JULY 1, 1980; 30 PERCENT AS OF JULY 1, 1981; AND AN ADDITIONAL 10 PERCENT AS OF JULY 1 OF EACH SUCCEEDING YEAR UNTIL 100 PERCENT OF VALUE IS ATTAINED; FOR CALCULATION OF STATE AID UNDER THIS SECTION, THE PERCENTAGE OF ASSESSED VALUE AS OF JULY 1 OF THE FIRST COMPLETED FISCAL YEAR BEFORE THE SCHOOL YEAR FOR WHICH THE CALCULATION IS MADE SHALL BE USED.

(8) "UTILITY SHARES" MEANS UTILITY PERSONAL PROPERTY OWNED BY DOMESTIC CORPORATIONS AT 10 PERCENT OF ASSESSED VALUE AS OF JULY 1, 1979; 20 PERCENT AS OF JULY 1, 1980; 30 PERCENT AS OF JULY 1, 1981; AND AN ADDITIONAL 10 PERCENT AS OF JULY 1 OF EACH SUCCEEDING YEAR UNTIL 100 PERCENT OF VALUE IS ATTAINED; FOR CALCULATION OF STATE AID UNDER THIS SECTION, THE PERCENTAGE OF ASSESSED VALUE AS OF JULY 1 OF THE FIRST COMPLETED FISCAL YEAR BEFORE THE SCHOOL YEAR FOR WHICH THE CALCULATION IS MADE SHALL BE USED.

(9) "WEALTH" MEANS THE SUM OF NET TAXABLE INCOME, ADJUSTED ASSESSED VALUATION OF REAL PROPERTY, UTILITY SHARES, AND UTILITY PERSONAL PROPERTY.

(b) (1) Each county board and the Mayor and City Council of Baltimore City shall receive from the State, in the manner and subject to the limitations under this section, an amount for each school year to be known as the "State share of basic current expenses," which shall be calculated as indicated in this subsection.

(2) (1) [The] IN FISCAL YEAR 1981 THE State shall share in an expenditure for basic current expenses of [\$784] \$942 multiplied by the number of students enrolled.

(ii) IN FISCAL YEAR 1982 AND FOR EACH FISCAL YEAR THEREAFTER, THE STATE SHALL SHARE IN A PER PUPIL BASIC CURRENT EXPENDITURE PROGRAM LEVEL CALCULATED AS FOLLOWS: FOR THE THIRD, FOURTH, AND FIFTH YEARS PRECEDING THE FISCAL YEAR FOR WHICH THE PROGRAM LEVEL IS TO BE DETERMINED A STATEWIDE AVERAGE PER PUPIL CURRENT EXPENDITURE IS CALCULATED BASED UPON FULL TIME EQUIVALENT ENROLLMENT IN SEPTEMBER 30 OF EACH OF THE FISCAL YEARS AND BASED UPON THE STATEWIDE AGGREGATE OF EXPENDITURES FOR INSTRUCTION, ADMINISTRATION, PUPIL PERSONNEL, PLANT OPERATION, PLANT MAINTENANCE, HEALTH SERVICES, AND FIXED CHARGES, INCLUDING LOCAL DIRECT PAYMENTS OF EMPLOYER SOCIAL SECURITY CONTRIBUTIONS. EXCLUDED FROM THESE EXPENDITURES ARE FEDERAL FUNDS, WHICH INCLUDE FEDERAL IMPACT AID, AND STATE AID FOR THE FOLLOWING: SPECIAL EDUCATION EXCESS COSTS, TEACHER SOCIAL SECURITY, TEACHER RETIREMENT, TRANSPORTATION, ADULT EDUCATION, DRIVERS EDUCATION, FOOD SERVICES, SCHOOL CONSTRUCTION, SCHOOL DEBT SERVICE, DENSITY AID, AND COMPENSATORY AID. THE AVERAGES OF THE STATEWIDE AGGREGATE EXPENDITURES FOR EACH OF THE THREE YEARS ARE SUMMED AND DIVIDED BY THREE. THE QUOTIENT RESULTING FROM THIS DIVISION IS MULTIPLIED BY .75 AND THE RESULTING PRODUCT IS THE PER PUPIL PROGRAM LEVEL. THE PER PUPIL AMOUNT IS MULTIPLIED BY THE NUMBER OF STUDENTS ENROLLED TO DETERMINE THE BASIC CURRENT EXPENSE FUNDING PROGRAM IN WHICH THE STATE SHALL SHARE.

(iii) THE GENERAL ASSEMBLY MAY CHANGE BY STATUTE THE PER PUPIL PROGRAM LEVEL AT ANY TIME. UNLESS CHANGED BY STATUTE, THE PER PUPIL PROGRAM LEVEL IN WHICH THE STATE AND THE SUBDIVISIONS SHARE SHALL BE DETERMINED AS DESCRIBED IN (i) AND (ii) ABOVE, EXCEPT THAT IN NO EVENT SHALL THE PERCENTAGE INCREASE OF THE PER PUPIL PROGRAM LEVEL FOR A FISCAL PERIOD RELATIVE TO THE PER PUPIL PROGRAM LEVEL OF THE PRECEDING FISCAL PERIOD BE GREATER THAN THE AVERAGE OF THE ANNUAL PERCENTAGE INCREASES IN THE UNITED STATES ALL ITEMS UNADJUSTED CONSUMER PRICE INDEX FOR THE BALTIMORE METROPOLITAN AREA AND THE SAME INDEX FOR THE WASHINGTON, D.C. METROPOLITAN AREA AS MEASURED FROM SEPTEMBER OF THE SECOND PRECEDING YEAR TO SEPTEMBER PRECEDING THE BEGINNING OF THE FISCAL YEAR FOR WHICH SCHOOL AID CALCULATIONS ARE BEING MADE, OR 8 PERCENT, WHICHEVER IS THE LESSER PERCENTAGE FIGURE.

(3) To be eligible to receive the State share of basic current expenses, the county governing body shall levy an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the product of the wealth of the county and a uniform percentage determined for each fiscal year. This uniform percentage shall be determined as follows: The sum of the basic current expenses to be shared for all of the counties shall be multiplied, for the first \$624[,] by 0.45, for the [additional \$160,] BALANCE OF THE PER PUPIL BASIC CURRENT EXPENDITURE LEVEL AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION BY 0.50, and this product shall then be divided by the sum of the wealth of all of the counties; the resulting quotient, expressed as a percentage rounded to the [third] FIFTH decimal place, is the uniform percentage.

(4) The State share of basic current expenses for each county is the difference between the county share calculated under paragraph (3) of this subsection and the basic current expense to be shared, as indicated in paragraph (2) of this subsection.

(5) Of the Baltimore County share of the State basic current expense, Baltimore County shall pay to Lida Lee Tall School of Towson State University the percentage of the State basic current expense obtained by dividing the number of students in Lida Lee Tall School by the total number of students enrolled in Baltimore County and the Lida Lee Tall School.

(0) FOR FISCAL YEAR 1981, AND EACH FISCAL YEAR THEREAFTER, THE EMPLOYER CONTRIBUTIONS TOWARD SOCIAL SECURITY FOR TEACHERS ELIGIBLE FOR STATE PAYMENT OF SOCIAL SECURITY IN EACH COUNTY SHALL BE PAID 90 PERCENT BY THE STATE AND 10 PERCENT BY THE COUNTY.

(1) FOR FISCAL YEAR 1981, AND FOR EACH FISCAL YEAR THEREAFTER, AN AMOUNT EQUIVALENT TO 10 PERCENT, ON A STATEWIDE BASIS, OF THE AMOUNT INCLUDED IN THE ANNUAL STATE BUDGET BY THE EXECUTIVE FOR PAYMENT OF 12 MONTHS OF THE EMPLOYER'S CONTRIBUTION FOR SOCIAL SECURITY FOR ELIGIBLE LOCAL TEACHERS SHALL BE TRANSFERRED BY APPROVED BUDGET AMENDMENT TO THE STATE DEPARTMENT OF EDUCATION TO BE DISTRIBUTED TO THE COUNTIES AND BALTIMORE CITY.

(2) THESE ADDITIONS TO THE STATE SHARE FOR BASIC CURRENT EXPENSES IN EACH COUNTY AND BALTIMORE CITY SHALL BE CALCULATED AS FOLLOWS, USING THE SAME ENROLLMENT FIGURES AS USED TO CALCULATE BASIC CURRENT EXPENSE AID IN EACH YEAR UNDER THIS SECTION.

(I) THE AMOUNT DESCRIBED IN 0(1) IS DIVIDED BY THE STATEWIDE ENROLLMENT TO DETERMINE A PER PUPIL PROGRAM LEVEL ON A STATEWIDE BASIS.

(II) FOR EACH SCHOOL DISTRICT, THE STATEWIDE PER PUPIL PROGRAM LEVEL IS MULTIPLIED BY THE ENROLLMENT IN THAT COUNTY TO PROVIDE A BASIC UNADJUSTED COUNTY PROGRAM.

(III) A RATIO OF COUNTY WEALTH PER PUPIL TO STATE WEALTH PER PUPIL IS CALCULATED USING ENROLLMENT AND WEALTH FIGURES AS FOR CALCULATION OF CURRENT EXPENSE AID. EACH COUNTY'S WEALTH IS DIVIDED BY ITS ENROLLMENT TO DETERMINE COUNTY WEALTH PER PUPIL. WEALTH ON A STATEWIDE BASIS IS DIVIDED BY STATEWIDE ENROLLMENT TO DETERMINE STATE WEALTH PER PUPIL. FOR EACH SUBDIVISION, COUNTY WEALTH PER PUPIL IS DIVIDED BY STATE WEALTH PER PUPIL TO ARRIVE AT A WEALTH PER PUPIL ADJUSTMENT FACTOR.

(IV) THE BASIC UNADJUSTED PROGRAM LEVEL IN EACH COUNTY IS DIVIDED BY THE WEALTH PER PUPIL FACTOR FOR THAT COUNTY TO PROVIDE A PROGRAM LEVEL ADJUSTED TO REFLECT THE COUNTY'S WEALTH PER PUPIL RELATIVE TO THE STATEWIDE WEALTH PER PUPIL.

(V) THE AMOUNT TO BE DISTRIBUTED IN 0(1) OF THIS SUBSECTION IS DIVIDED BY THE SUM OF ALL THE ADJUSTED PROGRAM LEVELS FOR ALL THE SCHOOL DISTRICTS; THE QUOTIENT FROM THIS DIVISION IS MULTIPLIED TIMES THE ADJUSTED PROGRAM LEVEL IN EACH COUNTY; THE RESULTING FIGURE IS THE STATE PAYMENT TO THE SUBDIVISION.

(E) THE FOLLOWING ARE ADDITIONS TO STATE SHARE TARGETED TO LOW PER PUPIL EXPENDITURE, LOW WEALTH, AND AT LEAST AVERAGE REVENUE EFFORT COUNTIES.

(1) FOR FISCAL YEAR 1981 ONLY, ADDITIONAL AMOUNTS SHALL BE DISTRIBUTED TO 12 COUNTIES AS FOLLOWS:

ALLEGANY	\$ 404,800
BALTIMORE CITY	4,100,800
CAROLINE	143,200
CECIL	383,200
CHARLES	507,200
GARRETT	161,600
HARFORD	864,800
QUEEN ANNE'S	98,400
ST. MARY'S	362,400
SOMERSET	119,200
WASHINGTON	540,000
WICOMICO	315,200

THESE FUNDS DO NOT REQUIRE A LOCAL CONTRIBUTION.

(2) THESE FUNDS SHOULD NOT SUPPLANT COUNTY FUNDS; THE STATE SUPERINTENDENT OF SCHOOLS SHALL PROMULGATE PROCEDURES AND STANDARDS TO ASSURE THAT THE FUNDS DO NOT SUPPLANT COUNTY FUNDS.

(3) THE COUNTY SUPERINTENDENT FOR ANY COUNTY QUALIFYING FOR FUNDS UNDER SUBSECTION (E) SHALL SUBMIT PLANS FOR THE USE OF THE FUNDS TO THE STATE SUPERINTENDENT AND RECEIVE THE FUNDS ONLY AFTER COMPLIANCE WITH REQUIREMENTS OF THE STATE BOARD OF EDUCATION AND APPROVAL BY THE STATE SUPERINTENDENT OF SCHOOLS.

(F) THE PER PUPIL MAXIMUM DECREASE FROM FISCAL YEAR 1980 TO FISCAL YEAR 1981 SHALL BE AS FOLLOWS:

(1) IN FISCAL YEAR 1981 THE AGGREGATE FUNDS RECEIVED BY A COUNTY OR BALTIMORE CITY UNDER SUBSECTIONS (A), (B), (D), AND (E) SHALL NOT DECREASE MORE THAN 7 1/2 PERCENT ON A PER PUPIL BASIS FROM THE SUM RECEIVED IN FISCAL YEAR 1980 UNDER THE BASIC CURRENT EXPENSE PROGRAM.

(2) THE ENROLLMENT USED IN CALCULATING THE PER PUPIL STATE AID FOR A FISCAL YEAR SHALL BE THE SAME AS THE ENROLLMENT USED IN THE CALCULATION OF BASIC CURRENT EXPENSE AID FOR THAT YEAR.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1980, contingent upon an appropriation contained in the Budget Bill for fiscal year 1981 adequate to fund the increase in the State's share of the basic current expenses, additions to the State's share which are related to the State's teacher Social Security contributions, and additions to the State's share which are targeted to certain low expenditure counties, all as set forth in Section 1 of this Act; and if said appropriation is not made in the Budget Bill, this Act shall be null and void without the necessity of further action by the General Assembly.

SUBCOMMITTEE ON EDUCATION -- EFFECT OF JANUARY 1980 PROPOSALS

	1980 Program \$784	1981 \$942 Program \$624 @ 55% \$318 @ 50%(1)	1981+ Basic Program Increase	1981- 10% State Soc. Sec. Contrib.	1981+ Equalized Soc. Sec. Shift(2)	Effect of Soc. Sec. Shift	1981+ Targeted(2) Low Exp. Co. 50% Equal.	1981 Net Increase
Local Unit	\$331,880,120	\$377,818,908	\$45,938,788	\$6,458,999	\$6,458,563	\$	\$8,000,800	\$53,939,153
Total State								
Allegany	7,580,422	8,649,787	1,069,365	108,511	149,878	41,367	404,800	1,515,532
Anne Arundel	31,383,549	37,008,983	5,625,434	546,431	573,782	27,351	-	5,652,785
Baltimore City	79,157,749	87,200,540	8,042,791	1,136,784	1,623,219	486,435	4,100,800	12,630,026
Baltimore	34,929,123	39,161,606	4,232,483	998,561	615,705	(382,856)	-	3,849,627
Calvert	2,696,324	2,792,494	96,170	47,151	44,755	(2,396)	-	93,774
Caroline	2,572,800	3,040,571	467,771	31,649	56,464	24,815	143,200	635,786
Carroll	9,163,322	10,891,736	1,728,414	118,200	172,100	53,900	-	1,782,314
Cecil	6,927,549	8,177,510	1,249,961	78,800	145,766	66,966	383,200	1,700,127
Charles	9,073,742	10,850,180	1,776,438	112,387	186,915	74,528	507,200	2,338,166
Dorchester	2,638,997	3,051,371	412,374	43,275	49,515	6,240	-	418,614
Frederick	10,478,765	12,260,207	1,781,442	144,682	190,112	45,430	-	1,826,872
Garrett	2,829,050	3,456,144	627,094	31,649	59,176	27,527	161,600	816,221
Harford	16,401,876	18,613,731	2,211,855	218,314	307,297	88,983	864,800	3,165,638
Howard	8,869,405	9,816,289	946,884	174,393	153,204	(21,189)	-	925,695
Kent	1,270,777	1,429,628	158,851	23,898	21,808	(2,090)	-	156,761
Montgomery	19,193,182	19,936,638	743,456	1,088,987	452,133	(636,854)	-	106,602
Prince George's	59,304,534	69,248,703	9,944,169	1,101,905	1,097,980	(3,925)	-	9,940,244
Queen Anne's	1,706,536	2,189,218	482,682	29,066	33,474	4,408	98,400	585,490
St. Mary's	6,423,936	7,728,362	1,304,426	74,924	137,844	62,920	362,400	1,729,746
Somerset	2,160,749	2,530,889	370,140	22,607	48,867	26,260	119,200	515,600
Talbot	791,211	671,079	(120,132)	36,170	17,630	(18,540)	-	(138,672) (3)
Washington	9,998,503	11,660,326	1,661,823	154,370	189,610	35,240	540,000	2,237,063
Wicomico	5,780,201	6,807,543	1,027,342	90,426	108,986	18,560	315,200	1,361,102
Worcester	547,818	645,374	97,556	45,859	22,343	(23,516)	-	74,040

(1) Wealth component includes Agricultural Preferential Property, 10% Utility Shares, and 10% Utility Personal Property.

(2) No local contribution required.

(3) Talbot County would actually lose \$57,682 under the proposed 7½% safety net.

.075 x \$190.19 (FY 80 per pupil aid) = \$14.26

\$14.26 x 4,045 (FY 81 enrollment) = \$57,682

NOTE: These calculations utilize the latest available wealth and enrollment figures as of early January, 1980. The Department of Fiscal Sv. will revise these calculations should changea occur in any of the data necessary for the calculations.



CALVERT COUNTY BOARD OF COUNTY COMMISSIONERS

Prince Frederick, Maryland 20678

Phone (301) 535-1600 ext. 200

January 18, 1980

Board of Commissioners
C. Bernard Foyer
Garner T. "Pet" Grover
Mary D. Harrison
David M. King
H. Gordon Truman

Honorable Alfred L. Scanlan, Chairman
Governor's Commission on State/Local
Fiscal Relationships
Legislative Services Building
Room 200
90 State Circle
Annapolis, Md. 21401

Dear Chairman Scanlan:

I must take exception to the recommendation of the Task Force regarding financing of education and I respectfully request that this letter be included in the report of the Task Force as a minority opinion. My reasons for dissenting are well known to the members of the Task Force and to those others who have periodically attended our meetings. I repeat them here for the information of those whose only exposure to our deliberations and findings is this report.

First of all, Calvert County remains one of very few, and perhaps the only, jurisdiction in the State with continuing rapid growth in our school system. On this basis alone every effort should be made to maintain maximum resources for our educational system. Secondly, the inclusion of utility properties in the education formula is an act directed solely at Calvert County and is a plain attempt to take our resources from us simply because they are substantial. At best, this might be described as the "Robin Hood" approach of robbing from the rich and distributing to the poor. At worst, it is nothing more than forcefully stripping us of our resources.

We have maintained for years that a revision in the education funding formula should be done on an equitable basis. Such revision, if it is to include properties not now included, namely utilities, should contain all properties. There is nothing equitable about reaching into Calvert County, or any other county for that matter, and including in the education formula a comparatively large taxpayer while excluding similarly sized taxpayers in other jurisdictions.

Honorable Alfred L. Scanlan
January 18, 1980
Page Two

I suspect that most local officials faced with the possibility of location of a nuclear power plant or an LNG terminal in their jurisdiction would suggest to the applicant that they look elsewhere, particularly in view of the incident at Three Mile Island. Calvert County is very much aware of this situation, but we no longer have a choice about the location of these facilities. They are here. We dealt with the expense and inconvenience during the construction phases of these facilities and we live daily with the potentialities of accidents. The Calvert Cliffs Nuclear Power Plant serves nine jurisdictions, including only a very small part of Calvert County, and has saved the consumers in those jurisdictions, according to BG&E's own information, more than \$750 million in cost of electricity due to the reduced cost of nuclear power. It hardly seems equitable for representatives of other jurisdictions of Maryland, residing securely miles away from the utilities and who benefit from the availability of relatively inexpensive gas and electricity, to also insist on benefits from the tax base offered by these utilities.

In summary, Calvert County is a growth county and in need of maximum resources for our educational program. We believe it is unfair to single out utilities for inclusion in the formula and that special consideration should be given us in view of the hazards associated with the location of such facilities in the County. Finally, if the reason and logic of our argument is swept under by the raw power of a coalition of representatives of other jurisdictions, we believe that equity demands that the education formula include all industrial and commercial property and not just utilities.

Respectfully,


C. Bernard Fowler

CBF:cjf

cc: Governor Harry Hughes
Lt. Governor Samuel Bogley
Comptroller Louis Goldstein
Honorable James Clark - President of Senate
Honorable Benjamin Cardin - Speaker of the House
Senator Aris Allen
Delegate Thomas Rymer
Mayor Donald Schaefer - Pres., Maryland Assn of Counties
Mayor Audrey Scott - Pres., Maryland Municipal League
Members of Task Force to Study State-Local
Fiscal Relationships

CHANGE IN WEALTH DEFINITION PROPOSED BY THE
SUBCOMMITTEE ON EDUCATION AS IT RELATES TO OTHER STATE AID
FORMULAS INVOLVING MEASUREMENT OF LOCAL WEALTH

Library Aid

This formula distributes aid to the counties and Baltimore City on the basis of a \$5 per capita program which is shared 40% State and 60% local, on a Statewide basis, with the State share in each subdivision determined in much the same way as is the State share for basic current expense school aid. The library aid formula provides minimum aid to each subdivision in the amount of 20% of the unadjusted local program, i.e., 20% of \$5 times the subdivision's population. Were the change in wealth definition proposed by the Subcommittee on Education for the school aid formula also incorporated into the library aid formula, the impact on library aid distributions would be minimal, as the following figures indicate.

LIBRARY AID

<u>Local Unit</u>	<u>FY 1981(1) No Change In Wealth Definition</u>	<u>FY 1981(2) Proposed Wealth Definition</u>	<u>Impact of Proposed Wealth Definition</u>
Allegany	\$ 241,353	\$ 241,284	(\$69)
Anne Arundel	762,680	760,376	(2,304)
Baltimore City	2,543,237	2,537,274	(5,963)
Baltimore	1,129,765	1,126,097	(3,668)
Calvert(3)	32,700	32,700	---
Caroline	67,097	66,789	(308)
Carroll	180,534	180,728	194
Cecil	137,519	137,626	107
Charles	147,469	144,162	(3,307)
Dorchester	85,571	85,385	(186)
Frederick	190,939	188,634	(2,305)
Garrett	67,261	66,693	(568)
Harford	348,524	347,426	(1,098)
Howard(3)	123,700	123,700	---
Kent	31,133	31,213	80
Montgomery(3)	586,100	586,100	---
Prince George's	1,539,958	1,534,026	(5,932)
Queen Anne's	35,846	35,904	58
St. Mary's	137,194	137,236	42
Somerset	65,368	65,426	58

LIBRARY AID (Continued)

<u>Local Unit</u>	FY 1981(1)	FY 1981(2)	Impact of
	No Change In Wealth Definition	Proposed Wealth Definition	Proposed Wealth Definition
Talbot(3)	\$ 26,600	\$ 26,600	---
Washington	283,142	281,647	(\$1,495)
Wicomico	149,888	149,841	(47)
Worcester(3)	28,600	28,600	---
Total State	\$8,942,178	\$8,915,467	(\$26,711)

- (1) The current definition includes real property adjusted to 50% of market or full value; utility operating property at 100%; and net taxable income.
- (2) The proposed wealth definition includes the property categories outlined in (1) above, plus 10% of the value of utility shares (utility personal property owned domestically) and utility personal property (such property owned by foreign corporations) together with preferentially assessed agricultural property at 50% of its farm use value.
- (3) These are the counties in which the library aid formula, using either definition of wealth, would provide State aid below the guaranteed minimum of 20% of \$5 times population; thus, the guarantee is provided.

Health Services--The Case Formula

The State shares 50% of an "Estimated Minimum Budget" based on a schedule which relates population levels in each subdivision to allowable numbers of positions, salary levels, and operating expenses.

A Statewide Estimated Minimum Budget is determined, and the fifty percent local share is adjusted so that the richer jurisdictions pay a larger share of their local program and the poorer subdivisions less. This is accomplished by determining each subdivision's local equalized assessed valuation as a portion of the aggregate of these valuations throughout the State, and then applying the percentage result to 50% of the Statewide Estimated Minimum Budget. Thus, the larger a local's share of Statewide health, the larger will be that local's share of the Estimated Minimum Budget.

Wealth, for the purposes of the Case Formula, is inclusive of real property adjusted to 60% of market or full value; utility operating property at 100% of value; and all personal property at 100% of value

(unincorporated, foreign and domestic incorporated, and foreign and domestic utility). The current wealth definitions for school and health aid together with the proposed definition for school aid compare as follows:

	<u>Health Case Formula</u>	<u>School Current Expense Formula Current Definition</u>	<u>School Current Expense Formula Proposed Definition</u>
Net Taxable Income	No	Yes	Yes
Real Property	Adjusted to 60%	Adjusted to 50%	Adjusted to 50%
Utility Operating Property	100%	100%	100%
Utility Shares and Utility Personal Property	100%	No	10%
Other Personal Property (incorporated and unincorporated, domestic and foreign)	100%	No	No

For the purposes of the interim Task Force report, the dollar impact which would result from application of the current or proposed school aid wealth definitions to the Case Formula has not been calculated. It is suggested that this type of analysis be prepared for inclusion in the final report of the Task Force in late 1980.

Police Aid

The Police Aid Formula, in fiscal year 1980, is the basis for allocation of more than \$67 million among the counties and Baltimore City. The formula is an aggregate of several distribution plans, some involving equalization and others based on population density. (Wealth data is one year earlier than that used in the school aid formula.) The formula includes two major parts, the "regular" grants and the supplemental grant, the law (Article 15A, Section 37) requiring that counties share the former with municipalities, while the latter may be retained for county purposes.

Regular Grants. There are four of these as follows:

Basic Program

If local police expenditures exceed \$6 per capita, State pays difference between \$6 per capita and .09% of the local wealth base. Over the years, local wealth has grown to the

level that in fiscal year 1981 no county will be aided under this part of the program.

Share Over Basic

State pays 25% of local expenditures over the \$6 per capita level, but not to exceed several limits, each based on population density. For example, not to exceed \$7.50 per capita if a subdivision's population density is between 500 and 900. There are seven categories of density, with per capita payments ranging from zero to the formula for Baltimore City, which is 25% of expenditures above \$6 per capita not to exceed \$36 per capita and 50% of the amount by which expenditures exceed \$36 per capita but do not exceed \$101.50 per capita.

Minimum Grant

State guarantees at least \$2.50 per capita relative to the combined payments under the Basic and Share Over Basic programs. Here there is a wealth component, i.e., in those subdivisions experiencing population declines, police aid shall be no less than in any previous year less .09% of the increase in wealth between that year and the current year.

Incentive Grant

In addition to amounts received under the first three of the regular grants, each subdivision with a population density of less than 500 per square mile receives \$2.00 per capita.

Supplemental Grants. In addition to the amounts received under the various regular grants, subdivisions with population densities of less than 8,000 per square mile (all but Baltimore City) receive \$2.00 per capita.

Distribution. Regular Grant monies must be shared by each county with its municipalities in proportion to police protection expenditures of the county relative to those of its municipalities. Supplemental Grant monies may be retained solely for county purposes.

Impact of Education Subcommittee's Proposed Change in Wealth Definition. The Subcommittee's proposals would increase the wealth component values in each county for State aid purposes. Because the first of the police aid regular grants, i.e., the Basic Program, is already inoperative because of wealth levels throughout the State which provide a .09% value above the \$6 per capita program level, further increasing the wealth component would not have an impact on this part of the police aid formula.

The other aspect of the police aid formula which involves wealth is the .09% of change in wealth which is subtracted from the minimum grant guarantee in subdivisions with declining populations. The Education Subcommittee's proposed change in the wealth definition would, if applied to this aspect of the formula, result only in a modest reduction in aid to Baltimore City, i.e., in fiscal year 1981 from \$32,952,689 to \$32,927,031.

Special Education Aid

This aid program, as described on Page 4 of this report as well as in the Education Article of the Code, Section 8-417, was modified in 1976 to provide a \$100 million program shared 70 percent State/30 percent local and phased in over a five-year period. The full level of funding will be attained in fiscal year 1981.

The Statewide local share of \$30 million is divided by Statewide wealth to obtain a local contribution rate (LCR). The program in each county is \$100 million divided by Statewide enrollment and the quotient thus obtained multiplied times the enrollment in that county. The product of LCR times local wealth is the local contribution, and the initial State share for each county is the county program less the local contribution. Both State and local initial contributions are then adjusted by application of the cost index explained on Page 4; this multiplication expands the aggregate Statewide shares (both State and local) beyond the \$100 million program, so a last adjustment is made to return the sum of the shares to \$100 million.

The Education Subcommittee's proposed wealth definition would impact on the LCR used to calculate the local contribution. The cost indices would remain as used in the earlier four years of the phase in. The 1976 bases (State and local shares) are not required as part of the computation for fiscal year 1981, because 1981 is the year of full implementation of the program. The fiscal year 1981 State share in each county and Baltimore City will be modified as follows if the Education Subcommittee's proposed wealth definition is adopted.

SPECIAL EDUCATION--FISCAL YEAR 1981

<u>Local Unit</u>	<u>Current (1) Wealth Definition</u>	<u>Proposed (2) Wealth Definition</u>	<u>Difference</u>
Allegany	\$ 986,063	\$ 986,802	\$ 739
Anne Arundel	5,873,477	5,875,456	1,979
Baltimore City	19,879,613	19,873,271	(6,342)
Baltimore	5,680,292	5,683,829	3,537
Calvert	440,843	424,659	(16,184)

SPECIAL EDUCATION--FISCAL YEAR 1981 (Continued)

<u>Local Unit</u>	<u>Current (1)</u>	<u>Proposed (2)</u>	<u>Difference</u>
	<u>Wealth</u> <u>Definition</u>	<u>Wealth</u> <u>Definition</u>	
Caroline	\$ 340,875	\$ 341,249	\$ 374
Carroll	1,329,420	1,330,998	1,578
Cecil	926,015	926,779	764
Charles	1,671,159	1,665,217	(5,942)
Dorchester	376,833	376,866	33
Frederick	1,523,342	1,524,296	954
Garrett	445,459	445,909	450
Harford	2,183,842	2,184,214	372
Howard	2,225,463	2,228,501	3,038
Kent	324,593	325,245	652
Montgomery	7,644,579	7,657,743	13,164
Prince George's	13,473,278	13,471,746	(1,532)
Queen Anne's	319,643	320,341	698
St. Mary's	1,425,889	1,427,082	1,193
Somerset	278,532	278,777	245
Talbot	236,613	237,903	1,290
Washington	1,384,314	1,385,051	737
Wicomico	809,165	809,725	560
Worcester	217,718	218,341	623
TOTAL STATE	\$69,997,020	\$70,000,000	\$2,980

(1) Includes net taxable income, real property @ 50%, and utility operating property @ 100%.

(2) Includes # (1) above plus agriculture preferential @ 50% and utility shares/utility personal property @ 10%.



TASK FORCE TO STUDY STATE-LOCAL FISCAL RELATIONSHIPS

Legislative Services Building, Room 200, 90 State Circle, Annapolis, Maryland 21401

January 18, 1980

Alfred I. Scanlan
Task Force Chairman

H. Louis Stettler
Deputy Secretary
Budget and Fiscal Planning

Jean E. Spencer
Executive Director
Board of Trustees
Universities and Colleges

C. Bernard Fowler
President of
Calvert County Commissioners

Albert B. Atkinson
Mayor of Cambridge

Arthur H. Helton, Jr.
State Senator

Edward J. Mason
State Senator

Tommie Broadwater, Jr.
State Senator

Benjamin L. Cardin
Speaker of the House

William J. Burgess
State Delegate

Lucille Maurer
State Delegate

The Honorable Harry Hughes
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hughes:

The Subcommittee on Education of the Task Force to Study State-Local Fiscal Relationships recognizes that studies of educational funding equity require a means for adjusting the costs of educational goods and services to reflect cost variances which may occur among a State's school districts.

Costs of educational goods and services vary among Maryland's subdivisions, but these variances have not been sufficiently studied to enable the State or the localities to account for them in the calculation of per pupil expenditure statistics.

The Subcommittee on Education recommended, and the Task Force endorsed at its January 11, 1980, meeting, a study to determine educational costs and educational cost variances among the counties. It appears, on the basis of limited information received to date, that the conduct of such a study together with the development of the related cost-of-education index would be priced at approximately \$110,000.

Based upon this essential component of the Subcommittee's recommendations for policy action during the General Assembly's 1980 Session, the Task Force requests that you place in the Executive Budget the required funding for this project.

Should you or your staff have questions regarding this matter, please contact the Subcommittee's Staff Analyst, Dr. Nicholas B. Wilson, at 269-3386.

Yours truly,

Alfred I. Scanlan, Chairman
Task Force to Study State-Local
Fiscal Relationships



Task Force to Study State Land Privatization
 Executive Order 12081, March 10, 1982
 Department of the Interior, Bureau of Land Management

January 10, 1983

Item	Value	Value	Value
1. Land	100,000	100,000	100,000
2. Buildings	50,000	50,000	50,000
3. Equipment	25,000	25,000	25,000
4. Inventory	10,000	10,000	10,000
5. Other	5,000	5,000	5,000
Total	190,000	190,000	190,000

The Department of the Interior is pleased to announce that the Task Force to Study State Land Privatization has completed its initial report. The report, which was submitted to the Secretary of the Interior on January 10, 1983, contains a detailed analysis of the current state of land privatization in the United States. It also provides a comprehensive overview of the various issues and challenges associated with the process. The report is available for public review and comment.

The Department is currently reviewing the report and will be holding a series of public hearings in the near future. These hearings will provide an opportunity for interested parties to express their views on the report's findings and recommendations. The Department is committed to ensuring that the process of land privatization is transparent and accountable to the public.

Based upon the recommendations of the Task Force, the Department is planning to initiate a series of pilot programs in selected states. These programs will allow the Department to gain valuable experience and insight into the various aspects of land privatization. The results of these pilot programs will be used to inform the development of a comprehensive national policy on land privatization.

Should you or your staff have questions regarding this matter, please contact the Department's Public Affairs Office. We are committed to providing timely and accurate information to the public.

Very truly yours,

Copy 8
 [Signature]
 Assistant Secretary
 Bureau of Land Management

PUBLIC HEARINGS OF THE TRANSPORTATION SUBCOMMITTEE

WITNESSES

July 19, 1979 - Consolidated Transportation Program and Status of Transportation

1. Secretary James J. O'Donnell, MDOT.

August 1, 1979 - Medium and Long-Range Transportation and Economic Development Strategy and Plans for State

1. Deputy Secretary Frederick L. Dewberry, MDOT, and Past Special Energy Advisor to the Governor.
2. Mr. Clyde E. Pyers, Director, Office of Transportation Planning, MDOT.
3. Mr. Walter R. Richardson, Director of Financial Planning and Budget, MDOT.
4. Secretary Constance Lieder, Department of State Planning.
5. Mr. Thomas S. Saquella, Executive Assistant to the Secretary, DECD.

August 8, 1979 - Legal Citations, a Discussion of Revenue Sources, the Mechanics of the Revenue and Tax Structure of the Trust Fund, and Various Statistics on Transportation Income History

1. Mr. Dennis H. Parkinson, Department of Fiscal Services.

August 13, 1979 - Highway Issues - Primary and Secondary Highway Construction and Maintenance Program; Level of Funding and Priorities

1. Mr. Louis Papet, Maryland Division, Region 3, Federal Highway Administration.
2. Mr. Walter R. Richardson, Director of Financial Planning and Budget, MDOT.
3. Mr. Slade Caltrider, State Highway Administrator.
4. Mr. Anthony P. Frate, Manager of Program Planning, MDOT.

August 22, 1979 - Maryland Port Issues

1. Mr. Walter R. Richardson, Director, Financial Planning and Budget, MDOT.
2. Mr. Gregory Halpin, Port Administrator.
3. Mr. Anthony P. Frate, Manager of Program Planning, MDOT.
4. Mr. Gary Smith, Office of the Secretary, MDOT.

August 29, 1979 - Mass Transit Issues- Urban Mass Transportation Administration

1. Mr. James Davis, Director of the Grants Assistance Office.
2. Mr. Russell Scoville.

- Maryland Department of Transportation

1. Mr. Walter R. Richardson, Director, Financial Planning and Budget.
2. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget.
3. Mr. Walter J. Addison, Mass Transit Administrator.
4. Mr. Anthony P. Frate, Manager of Program Planning.
5. Mr. Gary Smith, Office of the Secretary.

September 5, 1979 - Mass Transit Issues (Continued)

1. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.
2. Mr. Walter J. Addison, Mass Transit Administrator, MDOT.
3. Honorable Charles W. Cilchrist, Montgomery County Executive.
4. Mr. Kenneth Duncan, Chief Administrative Officer, Prince George's County and member of the Washington Suburban Transit Commission.
5. Mr. Richard Page, General Manager, Washington Metropolitan Area Transit Authority (WMATA).

September 12, 1979 - Aviation Issues

1. Mr. Walter R. Richardson, Director, Financial Planning and Budget, MDOT.
2. Mr. Karl R. Sattler, State Aviation Administrator.

- Railroad Issues

1. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.
2. Mr. Charles Smith, State Rail Administrator.

September 19, 1979 - Complete Review of Capital and Operating Programs

1. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.
2. Mr. Anthony P. Frate, Manager of Program Planning, MDOT.

- Summary of Revenue Sources

1. Dr. Robert Rader, Comptroller's Office.
2. Mr. Robert Serviss, Sr., Comptroller's Office.
3. Mr. George H. Spriggs, Jr., Comptroller's Office.
4. Mr. Howard C. Fitzgerald, Comptroller's Office.

September 26, 1979 - Local Transportation Financing

1. Honorable William Donald Schaefer, Mayor of Baltimore City.
2. Honorable J. Hugh Nichols, Howard County Executive.
3. Honorable Audrey E. Scott, President, Maryland Municipal League and Mayor of Bowie.
4. Honorable Ruth U. Keeton, Regional Planning Council and Chairperson, Howard County Council.
5. Honorable Robert Pascal, Anne Arundel County Executive.
6. Mr. Thomas Mullenix, County Budget Office, Anne Arundel County.
7. Mr. Wallace E. Hutton, Executive Director, Maryland Association of Counties.
8. Mr. Jerry Chichy, Director, Department of Transportation, Montgomery County.
9. Mr. Robert O. Duncan, Director, Office of Budget and Programming, Prince George's County.
10. Mr. Larry Walsh, Development Coordinator, Baltimore County.

October 10, 1979 - Transportation Plans and Recommendations

1. Secretary James J. O'Donnell, MDOT.
2. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.
3. Mr. Anthony P. Frate, Manager of Program Planning, MDOT.

October 24, 1979 - Transportation Plans and Recommendations

1. Secretary James J. O'Donnell, MDOT.
2. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.

October 31, 1979 - Maryland Port Issues

1. Delegate James Campbell, Baltimore City Administration.

- Local Transportation Needs

1. Mr. Wallace E. Hutton, Executive Director, Maryland Association of Counties.

- Variable Fuel Tax

1. Mr. Joseph M. Coble, Department of Fiscal Services.

- MDOT - Revenues vs. Needs

1. Mr. Morton Weinberg, Assistant Director, Financial Planning and Budget, MDOT.

November 7, 1979 - Transportation Revenue Proposals Recommended by MDOT

1. Mr. Edward E. Blazek, Past President of the Maryland Transportation Federation and Chairman of the Board of the Maryland Recreational Vehicle Dealers Association.
2. Mr. Ronald Wolsey, Government Affairs Representative, Amoco Oil Company.
3. Mr. Joe Kingrey, Metropolitan Washington Board of Trade.
4. Mr. Zenith (assisted Mr. Kingrey).
5. Mr. Charles Brauer, Chairman, Transportation Committee, Maryland State Grange.
6. Mr. William Boucher, Executive Director, Greater Baltimore Committee.
7. Mr. Paul Smith, Regional Director, Highway Users Federation.

- Update of the County Transportation Fund

1. Mr. Wallace E. Hutton, Executive Director, Maryland Association of Counties.

- Transportation Revenue Alternatives

1. Mr. Dennis H. Parkinson, Department of Fiscal Services.

November 14, 1979 - Alternative Revenue Proposals

1. Mr. Dennis H. Parkinson, Department of Fiscal Services.
2. Mr. Joseph M. Coble, Department of Fiscal Services.

CONSOLIDATED FISCAL IMPACT OF RECOMMENDED
TRANSPORTATION REVENUE PROPOSALS
Subcommittee on Transportation

(Expressed in thousands)

	* VARIABLE FUEL TAX (1¢ Increase)	* \$10 INCREASE IN REGISTRATION FEES	* ALLOCATE 1% GF TITLING TAX TO TTF ONLY	* ALLOCATE ADD'L 1% CORP. INCOME TAX TO TTF ONLY	* FISCAL IMPACT OF PROPOSED TRANSPORTATION TAX PROGRAM
	* County Share	* County Share	* County Share	* County Share	* County Share
Statewide Total	* \$ 85	* \$114	* \$45	* \$159	* \$277
MDOT (TTF) Total	* 330	* 349	* 26	* 468	* 817
Local Total	* 601	* 850	* -	* 850	* 1,451
Highway User Rev. Distribution	* 44	* 47	* 59	* 4	* 103
Allegany	* 3	* 47	* 59	* 4	* 110
Anne Arundel	* 36	* 69	* 13	* 92	* 138
Baltimore	* 59	* 10	* 79	* 13	* 23
Calvert	* 136	* 17	* 153	* 22	* 358
Caroline	* 78	* 10	* 88	* 104	* 319
Cecil	* 79	* 3	* 82	* 107	* 182
Charles	* 68	* 14	* 82	* 91	* 186
Dorchester	* 156	* 34	* 190	* 209	* 159
Frederick	* 80	* 11	* 91	* 107	* 33
Garrett	* 150	* 21	* 171	* 200	* 187
Harford	* 125	* -	* 125	* 167	* 213
Howard	* 32	* 5	* 37	* 43	* 50
Kent	* 464	* 64	* 528	* 622	* 292
Montgomery	* 412	* 116	* 528	* 552	* 75
Prince George's	* 60	* 4	* 64	* 80	* 1,086
Queen Anne's	* 72	* 2	* 74	* 97	* 150
St. Mary's	* 43	* 4	* 47	* 58	* 272
Somerset	* 46	* 12	* 58	* 61	* 9
Talbot	* 120	* 36	* 156	* 161	* 169
Washington	* 95	* 22	* 117	* 128	* 101
Wicomico	* 62	* 17	* 79	* 83	* 107
Worcester	* 3,850	* -	* 3,850	* 5,163	* 281
Baltimore City	* 7,245	* 455	* 7,700	* 9,714	* 223
Local Totals*	* 7,245	* 455	* 7,700	* 9,714	* 274
					* 145
					* 40
					* 185
					* 9,013
					* -
					* 9,013
					* 1,066
					* 18,025

*May not total due to rounding.

CONSOLIDATED FISCAL IMPACT OF RECOMMENDED MASS TRANSIT FUNDING CHANGES (10 Year Projections of Need)																Subcommittee on Transportation	
(Expressed in millions)		STATUS QUO FUNDING (Projected Obligation)				RECOMMENDED FUNDING BY SUBCOMMITTEE				NET EFFECT OF PROPOSED FUNDING CHANGES				Special Grants		Total	
		Capital	Operating	Special Grants	Total	Capital	Operating	Special Grants	Total	Capital	Operating	Special Grants	Total				
MDOT (Transportation Trust Fund) Responsibility																	
● Baltimore area		\$346	\$389	0	\$735	\$346	\$292	0	\$638	0	(\$97)	0	(\$97)	0	(\$97)		
● Washington area		0	0	149	149	240	338	0	578	240	338	(149)	429			429	
● Total - Both Regions		\$346	\$389	\$149	\$884	\$586	\$630	0	\$1,216	\$240	\$241	(149)	\$332			\$332	
BALTIMORE AREA Funding Responsibility																	
● Anne Arundel		0	0	0	0	0	4	0	4	0	4	0	4	0	4		
● Baltimore City		0	0	0	0	0	68	0	68	0	68	0	68	0	68		
● Baltimore		0	0	0	0	0	25	0	25	0	25	0	25	0	25		
● Total - Region		0	0	0	0	0	\$97	0	\$97	0	\$97	0	\$97	0	\$97		
WASHINGTON AREA Funding Responsibility																	
● Montgomery		108	135	0	243	0	51	0	51	(108)	(84)	0	(192)			(192)	
● Prince George's		132	166	0	298	0	62	0	62	(132)	(104)	0	(236)			(236)	
● Total - Region		\$240	\$301	0	\$541	0	\$113	0	\$113	(\$240)	(\$188)	0	(\$428)			(\$428)	

Parens denote savings.

SENATE OF MARYLAND

01r2495

No. 424

 By: Senators Helton, Mason, and Broadwater 27
 Introduced and read first time: January 24, 1980 28
 Assigned to: Budget and Taxation 31
 ----- 32

A BILL ENTITLED 35

AN ACT concerning 39

Property Tax Assessments - Elimination of Growth Factor 42

FOR the purpose of requiring that real property be assessed 46
 at certain percentages of current value; eliminating 47
 the calculation of a growth factor as the method of
 determining full cash value; deleting references to the 48
 growth factor; and clarifying language. 49

BY repealing and reenacting, with amendments, 51

Article 81 - Revenue and Taxes 53
 Section 14(b), 29(a), and 232C(b) 56
 Annotated Code of Maryland 57
 (1975 Replacement Volume and 1979 Supplement) 58

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 61
 MARYLAND, That section(s) of the Annotated Code of Maryland 62
 be repealed, amended, or enacted to read as follows: 63

Article 81 - Revenue and Taxes 65

14. 68

(b) Except as [hereinafter] OTHERWISE provided: 72

(1) [(i)] All real property required by this 74
 article to be assessed shall be valued at its full cash 75
 value on the date of finality. [Except for that real 76
 property described in Section 14(b)(2) of this article, the 77
 Department shall adjust the full cash value of all real
 property subject to valuation and assessment for purposes of
 taxation by the State, counties, and Baltimore City, 78
 municipal corporations, and special taxing districts under 79
 the provisions of this paragraph (1) by making the
 calculations required by this paragraph (1).] THE TERM FULL 80
 CASH VALUE AS USED IN THIS PARAGRAPH MEANS 45 PERCENT OF THE 81
 CURRENT VALUE FOR HOMESTEAD PROPERTY, AND 50 PERCENT OF THE
 CURRENT VALUE FOR ALL OTHER REAL PROPERTY. 82
 83
 84

 EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
 [Brackets] indicate matter deleted from existing law.
 Numerals at right identify computer lines of text.

SENATE BILL No. 424

[(ii) As used in this paragraph (1), the following terms have the meanings indicated:	86
1. Full cash value means current value;	90
2. 3-year cycle means a continuous series of 3 calendar year periods. The first 3-year cycle begins with the physical inspections conducted during 1979 which have a date of finality of January 1, 1980 as required by Section 232 of this article and ends with the physical inspections conducted during calendar year 1981 which have a date of finality of January 1, 1982. Each subsequent cycle shall begin on the first calendar year after the final year of the previous cycle and end 3 calendar years later;	91
3. Statewide full cash value means the total full cash value of all real property subject to taxation as of January 1 of any year of a 3-year cycle;	93
4. Statewide assessable base means the total assessable base as of January 1, of any year of a 3-year cycle of all real property subject to taxation excluding the estimated assessed value of new property that will be first assessed during the ensuing calendar year;	94
5. New statewide full cash value means the statewide full cash value as of January 1 preceding the taxable year for which the assessments will apply excluding the estimated full cash value of new property that will be first valued during the ensuing calendar year;	95
6. New statewide adjusted assessable base means the prior year's statewide assessable base or statewide adjusted assessable base, whichever is applicable, increased by the percentage increase of the new statewide full cash value over the prior year's statewide full cash value or 6 percent, whichever is less; and	96
7. Growth factor means the percentage determined by dividing the new statewide adjusted assessable base by the new statewide full cash value rounded to no less than 6 decimal places.	97
(iii) For the purposes of determining assessments that will be subject to taxation during the 1980-1981 taxable year, and for each subsequent taxable year, on or before January 1 of each year, the Department shall compute the percentage increase of the new statewide full cash value over the prior year's statewide full cash value. In addition, the Department shall compute a new adjusted statewide assessable base by increasing the statewide assessable base as of the prior July 1 by the lesser of the percentage increase in the statewide full cash	98
	99
	100
	101
	102
	103
	104
	105
	106
	107
	108
	109
	110
	111
	112
	113
	114
	115
	116
	117
	118
	119
	120
	121
	122
	123
	124
	125
	126
	127
	128
	129
	130
	131
	132
	133
	134
	135
	136
	137
	138
	139
	140

SENATE BILL No. 424

value or 6 percent. The Department shall then calculate the growth factor to be used to determine individual assessments for the purposes of taxation in the ensuing taxable year by dividing the new adjusted statewide assessable base by the new statewide full cash value.

(iv) For the purposes of determining assessments that will be subject to taxation by the State, counties, Baltimore City, municipal corporations, and special taxing districts, during the 1980-1981 taxable year and for each subsequent taxable year, on or before January 1 of each year the Department shall adjust the full cash value of each property subject to valuation under the provisions of subparagraph (iii) above by multiplying the amount of the new full cash value that will be the basis for the assessment in the first, second, and third years of the 3-year cycle, by the applicable growth factor in order to determine the assessment for purposes of taxation in the next taxable year.]

(2) [All real property described in Sections 19(b), (d), (e), and (f) of this article shall be valued at its full cash value less an allowance for inflation of 50 percent of the current value.

(3)] All personal property directed in this article to be assessed shall be assessed at its full cash value on the date of finality. The term full cash value as used in this [subsection] PARAGRAPH means current value without any allowance for inflation. In determining this value, the assessing authority shall consider any sums paid in connection with the acquisition of the property when acquired through a purchase or lease purchase or other similar kind of agreement for transfer of title after a period of use of the property.

[(4)] (3) All operating property of railroads, public utilities, and contract carriers, and all shares of stock of domestic corporations the shares of which are subject to taxation by this article, shall be assessed in accordance with the provisions of §§ 16 and 20 of this article, subject, however, to the provisions of § 9 [hereof]. To the extent that the personal property of the classes of taxpayers mentioned in this subsection is subject to taxation by this article, said personal property shall be assessed in accordance with provisions of paragraph [(3) hereof] (2).

[(5)] (4) In order to encourage the use and installation of solar energy heating and cooling units in existing or newly constructed buildings, solar energy heating and cooling units in residential or nonresidential buildings [shall] MAY NOT be valued at [no] more than the value of a conventional heating and cooling unit necessary to serve the building. If a building has both conventional and solar heating and cooling units, the combined units

SENATE BILL No. 424

[shall] MAY NOT be valued at [no] more than the value of a
conventional heating and cooling unit necessary to serve the
building.

29. 190
191
192

(a) Before (1) any existing valuation of property 197
for tax purposes shall be increased, or (2) any
classification of any property changed, or (3) any new 198
valuation of property made against any person; or (4) 199
whenever any person applies for a change in an existing 200
valuation or classification and there is a change or refusal
to change an existing valuation or classification, or (5) 201
whenever a valuation or classification for a given year, or
part thereof, has been appealed, but not finally determined, 202
and the same valuation or classification is made for a 203
subsequent year, on property locally assessed, either by the 204
State Department of Assessments and Taxation (acting within
its original jurisdiction) or the supervisors of assessments 205
for the county or Baltimore City, the appropriate authority 206
shall notify the person against whom it is proposed to make, 207
increase, change or against whom it is proposed to make, 208
increase, change or refuse to change the valuation or 209
classification by a written or printed notice, appointing a 210
day for the person to make answer thereto or present such 211
proof as he may desire in the premises. Failure to send a 212
notice of assessment in the class of cases set forth in 213
clause (5) of this subsection shall not void any assessment 214
for a subsequent year but the provisions of § 214A of this 215
article shall be applicable. The notice required by this 216
subsection shall include a statement of the amount of the 217
previous assessment and the amount of the previous full cash
value upon which that assessment was based, the amount of 218
the new full cash value as a result of the last physical 219
inspection, the amount of the new full cash value that will 220
be the basis for the assessment in the first, second, and 221
third years of the 3-year cycle, and the assessment for 222
purposes of taxation in the next taxable year. [In
addition, the notice shall indicate the amount of the 223
projected assessment for the next 2 years based on the 224
current growth factor and the full cash values for those 225
years along with a statement clearly indicating that the 226
assessment for those years shall be equal to or less than
the amount shown on the notice.] The notice shall also 227
include a statement indicating that the total amount of the 228
new cash value is the valuation for purposes of appeal. The 229
notice shall be provided on or before January 1 of the year 230
following the year of the physical inspection. A notice is 231
not required unless the full cash value of the property is
changed[, however, the growth factor shall be advertised in 232
accordance with Section 232C of this article]. 234

232C. 236

(b) (1) Prior to February 15 of each year the 239
Department shall notify each taxing authority of an estimate 240

SENATE BILL No. 424

of the total assessed value of all real and personal 241
 property within its jurisdiction for the next taxable year. 242
 The Department shall also send to each taxing authority an 243
 estimate of the total assessed value of all new construction 244
 and improvements not assessed as of the preceding date of 245
 finality, and the value of deletions from the assessed 246
 valuation. After excluding from the estimate of assessed 247
 valuation the value of such new construction, improvements, 248
 and deletions, the Department shall advertise the estimated 249
 assessable base [and the growth factor to be used in the
 ensuing taxable year determined in accordance with § 14(b)
 of this article] in a newspaper of general circulation in 250
 each county and Baltimore City for at least two consecutive 251
 weeks and shall also notify each taxing authority of the 252
 constant yield tax rate which will provide the same property 253
 tax revenue for each taxing authority as was levied during 254
 the current taxable year reduced for the taxable year
 1978-1979 only by (1) any additional revenues received 255
 pursuant to Article 15A, § 37 solely as a result of the 256
 enactment of Chapters 178 and 179 of the Acts of the 1978 257
 General Assembly and (2) the amount of revenues required to 258
 be paid pursuant to Article 43, § 42A for taxable year 259
 1977-1978. For the purpose of calculating the constant
 yield tax rate, the Department shall use the estimated full
 assessable base as of the date of finality of the next
 taxable year, exclusive of properties appearing for the
 first time on the assessment records. 260
 261
 262
 263

SECTION 2. AND BE IT FURTHER ENACTED, That this Act 266
 shall take effect July 1, 1980.



TASK FORCE TO STUDY STATE-LOCAL FISCAL RELATIONSHIPS

Legislative Services Building, Room 200, 90 State Circle, Annapolis, Maryland 21401

January 18, 1980

Alfred L. Scanlan
Task Force Chairman

H. Louis Stettler
Deputy Secretary
Budget and Fiscal Planning

Jean E. Spencer
Executive Director
Board of Trustees
Universities and Colleges

C. Bernard Fowler
President of
Calvert County Commissioners

Albert B. Atkinson
Mayor of Cambridge

Arthur H. Helton, Jr.
State Senator

Edward J. Mason
State Senator

Tommie Broadwater, Jr.
State Senator

Benjamin L. Cardin
Speaker of the House

William J. Burgess
State Delegate

Lucille Maurer
State Delegate

The Honorable Harry Hughes
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hughes:

At its meeting of January 11, 1980, the Task Force to Study State-Local Fiscal Relationships endorsed a proposal from its Subcommittee on Spending Patterns and Intergovernmental Assistance that the Task Force request that you direct the Department of Transportation to reassess the State's roads and highways network to determine whether certain of the facilities should be transferred between the State and local systems.

More specifically, the Task Force asks that the Executive Branch determine which level of government--State, county, or municipality--should be responsible for the general construction and maintenance costs associated with each component of the roads and highways network in the State of Maryland. It is hoped that the results of such a reassessment will be available during mid-1980 for consideration by the Task Force, and especially for consideration by the Subcommittee on Spending Patterns and Intergovernmental Assistance.

Should you or your staff have questions regarding this matter, please contact the Subcommittee's Staff Analyst, Mr. William R. Miles, at 269-3542.

Yours truly,

Alfred L. Scanlan, Chairman
Task Force to Study State-Local
Fiscal Relationships

TASK FORCE TO STUDY STATE-LOCAL FINANCIAL RELATIONSHIPS
 Legislative Service Building, Room 302, 500 East Arkansas Avenue, Little Rock, Arkansas 72201



January 11, 1988

The Honorable Jerry Beason
 Governor of Arkansas
 State House
 Little Rock, Arkansas 72201

Mr. Governor
 I am pleased to
 inform you that
 the Task Force
 on State-Local
 Financial Relationships
 has been organized.

At its meeting of January 11, 1988, the Task Force of
 highly distinguished financial professionals endorsed a proposal
 from the Commission on Spending Patterns and Investments
 which recommends that the Task Force request that you direct
 the Department of Transportation to request the State's roads
 and highways be included in the State's capital budget.
 This recommendation is consistent with the State's long-term
 goals.

More specifically, the Task Force also has the following
 recommendations which are of importance to the State's
 financial health: to request that the Department of Transportation
 and the Department of Highways be included in the State's capital
 budget and that the results of such a request will be available
 during the 1989 legislative session. The Task Force also
 requests that the Department of Transportation be included in the
 State's capital budget and that the results of such a request will be available
 during the 1989 legislative session.

Should you or your staff have questions regarding this
 matter, please contact the Department's staff at
 Mr. William R. Wiley, at 505-3441.

Very truly,

Alfred E. Johnson, Chairman
 Task Force on State-Local
 Financial Relationships

Mr. Governor
 I am pleased to
 inform you that
 the Task Force
 on State-Local
 Financial Relationships
 has been organized.
 Mr. Governor
 I am pleased to
 inform you that
 the Task Force
 on State-Local
 Financial Relationships
 has been organized.



TASK FORCE TO STUDY STATE-LOCAL FISCAL RELATIONSHIPS

Legislative Services Building, Room 200, 90 State Circle, Annapolis, Maryland 21401

January 18, 1980

Alfred L. Scanlan
Task Force Chairman

H. Louis Stettler
Deputy Secretary
Budget and Fiscal Planning

Jean E. Spencer
Executive Director
Board of Trustees
Universities and Colleges

C. Bernard Fowler
President of
Calvert County Commissioners

Albert B. Atkinson
Mayor of Cambridge

Arthur H. Helton, Jr.
State Senator

Edward J. Mason
State Senator

Tommie Broadwater, Jr.
State Senator

Benjamin L. Cardin
Speaker of the House

William J. Burgess
State Delegate

Lucille Maurer
State Delegate

The Honorable Harry Hughes
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hughes:

At its meeting of January 11, 1980, the Task Force to Study State-Local Fiscal Relationships endorsed a proposal from its Subcommittee on Spending Patterns and Intergovernmental Assistance that the Task Force request your support of Statewide and regional refuse disposal planning activities.

More specifically, the Task Force recommends that the Executive Branch undertake some type of regional and Statewide planning for the purpose of: 1) determining which governmental entity--State, county, or municipal--is responsible for disposal of solid wastes (including toxic and hazardous waste) in each area of the State; and 2) devising ways and means for the proper disposal of such waste.

It is requested that the results of this planning process be available during mid-1980 (during the legislative interim) for consideration by the Task Force, and especially for consideration by the Subcommittee on Spending Patterns and Intergovernmental Assistance.

Should you or your staff have questions regarding this matter, please contact the Subcommittee's Staff Analyst, Mr. William R. Miles, at 269-3542.

Yours truly,

Alfred L. Scanlan, Chairman
Task Force to Study State-Local
Fiscal Relationships

TAKE FORCE IN STATE-LOCAL RELATIONSHIPS
Legislative System Building, Room No. 30 State Capitol Building, Raleigh, N.C.

January 22, 1960



The Honorable Jerry Boyles
Governor of North Carolina
State House
Raleigh, North Carolina 27601

Dear Governor Boyles:
Enclosed for you are two copies of a report titled "State-Local Relationships: A Report of the Subcommittee on Planning, Building, and Development of the Joint Committee on Intergovernmental Relations." The report was prepared by the Joint Committee on Intergovernmental Relations, a body created by the North Carolina General Assembly in 1957.

At its meeting of January 11, 1960, the Take Force in State-Local Relationships conducted a general study of the relationship between the State and local government. The study was conducted by the Subcommittee on Planning, Building, and Development of the Joint Committee on Intergovernmental Relations. The study was conducted by the Joint Committee on Intergovernmental Relations, a body created by the North Carolina General Assembly in 1957.

The report was prepared by the Joint Committee on Intergovernmental Relations, a body created by the North Carolina General Assembly in 1957. The report was prepared by the Joint Committee on Intergovernmental Relations, a body created by the North Carolina General Assembly in 1957. The report was prepared by the Joint Committee on Intergovernmental Relations, a body created by the North Carolina General Assembly in 1957.

More specifically, the Take Force recommended that the Executive Branch establish a new type of regional and statewide planning for the purpose of (1) determining which governmental entity--state, county, or municipality--is responsible for the planning of each sector (including town and township units) in each area of the state; and (2) developing ways and means for the proper placement of each sector.

It is requested that the results of this planning process be available during mid-1960 (before the legislative session) for consideration by the Take Force, and especially for consideration by the Subcommittee on Planning, Building, and Development of the Joint Committee on Intergovernmental Relations.

Should you or your staff have questions regarding this matter, please contact the Subcommittee's Staff Analyst, Mr. William E. Miles, at 363-4111.

Very truly,

Walter B. Gandy

Walter B. Gandy, Chairman
Take Force in State-Local
Relationships



APPENDIX M

TASK FORCE TO STUDY STATE-LOCAL FISCAL RELATIONSHIPS

Legislative Services Building, Room 200, 90 State Circle, Annapolis, Maryland 21401

January 18, 1980

Alfred L. Scanlan
Task Force Chairman

H. Louis Stettler
Deputy Secretary
Budget and Fiscal Planning

Jean E. Spencer
Executive Director
Board of Trustees
Universities and Colleges

C. Bernard Fowler
President of
Calvert County Commissioners

Albert B. Atkinson
Mayor of Cambridge

Arthur H. Helton, Jr.
State Senator

Edward J. Mason
State Senator

Tommie Broadwater, Jr.
State Senator

Benjamin L. Cardin
Speaker of the House

William J. Burgess
State Delegate

Lucille Maurer
State Delegate

The Honorable Harry Hughes
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hughes:

At its meeting of January 11, 1980, the Task Force to Study State-Local Fiscal Relationships endorsed a proposal from the Subcommittee on Spending Patterns and Intergovernmental Assistance that the Task Force seek your support for legislation that would readjust the Program Open Space local funding formula.

Arguments for the funding formula change are included in the Senate Finance Committee's report on the matter (Enclosure I). The legislation, Senate Bill 217, introduced by the Finance Committee Chairman, also accompanies this letter (Enclosure II).

The formula adjustment would allow use of open space funds by subdivisions for land acquisition and/or development purposes, contingent upon the subdivisions acquiring a "fair share" of open space acreage.

Should you or your staff have questions regarding this matter, please contact the Subcommittee's Staff Analyst, Mr. William R. Miles, at 269-3542.

Yours truly,

Alfred L. Scanlan, Chairman
Task Force to Study State-Local
Fiscal Relationships

(The enclosures are not included in this appendix; see Interim Report of the Subcommittee on Spending Patterns and Intergovernmental Assistance, December 12, 1979.)